

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 38.2-517 of the Code of Virginia, relating to insurance settlement*  
3 *practices; automotive refinish reimbursements.*

4  
5 Approved  
6

[S 697]

7 **Be it enacted by the General Assembly of Virginia:**

8 **1. That § 38.2-517 of the Code of Virginia is amended and reenacted as follows:**

9 § 38.2-517. Unfair settlement practices; replacement and repair; penalty.

10 A. No person shall:

11 1. Require an insured or claimant to utilize designated replacement or repair facilities or services, or  
12 the products of designated manufacturers, as a prerequisite to settling or paying any claim arising under  
13 a policy or policies of insurance;

14 2. Engage in any act of coercion or intimidation causing or intended to cause an insured or claimant  
15 to utilize designated replacement or repair facilities or services, or the products of designated  
16 manufacturers, in connection with settling or paying any claim arising under a policy or policies of  
17 insurance;

18 3. Fail to disclose to the insured or claimant, prior to being referred to a third party representative in  
19 connection with a glass claim arising under a motor vehicle insurance policy, that the third party  
20 representative is not the insurer and is acting on behalf of the insurer;

21 4. Fail to disclose to the insured or claimant, at such time as the insurer or its third party  
22 representative recommends the use of a designated motor vehicle replacement or repair facility or  
23 service, or products of a designated manufacturer, in connection with settling or paying any claim  
24 arising under a policy or policies of insurance, that the insured or claimant is under no obligation to use  
25 the replacement or repair facility or service or products of the manufacturer recommended by the insurer  
26 or by a representative of the insurer; ~~or~~

27 5. Fail to disclose to the insured or claimant, at such time as it or its third party representative  
28 recommends the use of a designated motor vehicle replacement or repair facility in connection with  
29 settling or paying any claim arising under a policy or policies of insurance, that the insurer or its third  
30 party representative has a financial interest in such replacement or repair facility, if the insurer or its  
31 third party representative has such an interest; *or*

32 6. *Engage in the practice of capping. As used in this subdivision, "capping" means the setting of*  
33 *arbitrary and unreasonable limits on what an insurer will allow as reimbursement for paint and*  
34 *materials.*

35 B. This section shall not be construed to require an insurer to pay an amount for motor vehicle repair  
36 services or repair products necessary to properly and fairly repair the vehicle to its pre-loss condition  
37 that is greater than the prevailing competitive charges for equivalent services or products charged by  
38 similar contractors or repair shops within a reasonable geographic or trade area of the address of the  
39 repair facility. Offering an explanation of the extent of an insurer's obligation under this section to its  
40 policyholder or third party claimant shall not constitute a violation of this section.

41 C. Any person violating this section shall be subject to the injunctive, penalty, and enforcement  
42 provisions of Chapter 2 (§ 38.2-200 et seq.) of this title. The Commission shall investigate, with the  
43 written authorization of the insured or the claimant, any written complaints received pursuant to this  
44 section, regardless of whether such written complaints are submitted by an individual or a repair facility.  
45 For the purpose of this section, any insurance company utilizing a third party representative shall be  
46 held accountable for any violation of this section by such third party representative.

ENROLLED

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