

September 1, 2011

**VIA Email**

Elizabeth Kelleher Dwyer  
Department of Business Regulation  
1151 Pontiac Avenue  
Cranston, Rhode Island 02920  
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**Re: Proposed Insurance Regulation 78 – Procedures in Payment of Automobile Damage Claims and Commercial Licensing Regulation 4 – Motor Body Repair**

Dear Hearing Officer Dwyer:

I am pleased to offer the views of the National Association of Mutual Insurance Companies (NAMIC) regarding proposed Insurance Regulation 78 – Procedures in Payment of Automobile Damage Claims and Commercial Licensing Regulation 4 – Motor Body Repair.

NAMIC is the largest and most diverse national property/casualty insurance trade and political advocacy association in the United States. Its 1,400 member companies write all lines of property/casualty insurance business and include small, single-state, regional, and national carriers accounting for 50 percent of the automobile/ homeowners market. More than 80 NAMIC member companies do business in Rhode Island, including eight companies domiciled in the state, and NAMIC members provide coverage to over 30 percent of the state's auto insurance market.

NAMIC members are primarily concerned with two aspects of the proposed regulatory changes: the proposed provision of Commercial Licensing Regulation 4 that would automatically raise fees for the use of auto body testing equipment in the re-inspection process and the function of the Work Completion Certification Form as outlined in the changes proposed for Insurance Regulation 78.

Regarding the proposed provision of Commercial Licensing Regulation 4 that would automatically raise fees for the use of auto body testing equipment in the re-inspection process, the general concern has to do with the concept of having an automatic increase provision with only a narrow exception to apply discretion based on circumstances. A specific concern is that under the proposed language, insurers would not have a role in the process of reviewing inflation information such as by having an opportunity to present relevant information. Another concern is a lack of clarity within the proposed language regarding the consequence of the Department's finding regarding Consumer Price Index information.

We would suggest that the Department revise the provision to more closely track the language suggested by the Auto Collision Repair Licensing Advisory Board.

Regarding proposed changes related to the Work Completion Certification Form in Insurance Regulation 78, NAMIC members have expressed a number of specific concerns, including the following:

- There is a possibility that the Work Completion Certification, created as a means of reducing fraud, is no longer necessary, so that its use could be eliminated or made optional.
- Where Section 4(C) says the Work Completion Certification form is not a condition of payment, there is a concern about the lack of incentive for it to be completed and the expense borne by an insurer in trying to get it completed by other parties.
- Adding language to Section 4(B)(2), which allows the insurer to pay the consumer directly, to protect lienholders.
- The notice required in Section 4(D) when a consumer elects to receive the payment directly could be sent with the Work Completed Certification form to save mailing costs.
- The required language in Section 4(D) should be similar to what is required in other states allowing for dollar for dollar actual cash value adjustments in future losses unless the consumer can provide proof the original repairs were completed as appraised and paid.

Thank you for the opportunity to present the views of NAMIC on this important matter. Please contact me with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul T. Tetraault". The signature is fluid and cursive, with a long horizontal stroke at the end.

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