



STATE OF RHODE ISLAND
OFFICE OF GOVERNOR DANIEL J. MCKEE

July 16, 2021

TO THE HONORABLE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

In accordance with the provisions of Article IX, Section 14 of the Constitution of the State of Rhode Island and Section 43-1-4 of the Rhode Island General Laws, I transmit, with my disapproval, 2021-H6324 – “An Act Relating to Insurance – Unfair Claims Settlement Practices Act”

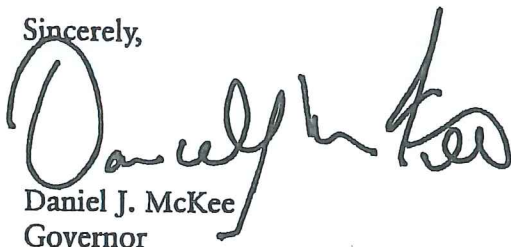
This legislation would add language to three sections of the Insurance Unfair Claims Settlement Practices Act. While I recognize the stated intent of this bill is to protect consumers, and there are portions of this legislation that I could support, overall the legislation will add costs without adding commensurate benefits to consumers.

The legislation would add two types of costs (“markup” and “sublet services”) that insurers would be required to pay to auto body shops when repairing a vehicle covered by insurance. Neither of these terms are defined and there are no clear limitations of when those costs might be appropriate.

According to the National Association of Insurance Commissioners, Rhode Island ranks 7th in the nation for highest auto insurance premiums. As we look to restart our economy after the pandemic, we cannot implement measures that may drive costs even higher for consumers and small businesses. Our focus must be reducing costs to help our economy grow.

Now is the time to identify what is driving the rising cost of auto body repair and insurance premiums in Rhode Island, including the role insurance companies can play in lowering rates. I remain committed to working with all Rhode Island businesses, including auto body shops. I am open to working with Legislators on language that would address the remaining issues in the legislation such as industry software and the salvage vehicle process.

Sincerely,



Daniel J. McKee
Governor