To: Insurance

MISSISSIPPI LEGISLATURE REGULAR SESSION 2002
By: Senator(s) Kirby

SENATE BILL NO. 2396

AN ACT TO AMEND SECTION 83-11-501, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE MOST AN AUTO INSURER SHALL BE REQUIRED TO PAY FOR THE REPAIR OF ANY VEHICLE OR REPAIR OR REPLACEMENT OF GLASS IS THE PREVAILING MARKET RATE THAT SUCH VEHICLE OR GLASS COULD BE PROPERLY REPAIRED BY A REPAIR SHOP WITHIN A REASONABLE GEOGRAPHICAL AREA OF THE INSURED; TO DEFINE THE TERM "PREVAILING MARKET RATE"; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 83-11-501, Mississippi Code of 1972, is amended as follows:

83-11-501. (1) No insurer may require as a condition of payment of a claim that repairs to a damaged vehicle, including glass repairs or replacements, must be made by a particular contractor or motor vehicle repair shop; provided, however, the most an insurer shall be required to pay for the repair of the vehicle or repair or replacement of the glass is the prevailing market rate that such vehicle or glass could be properly and fairly repaired or replaced by a contractor or repair shop within a reasonable geographical or trade area of the insured.

(2) For purposes of this section, the term "prevailing market rate" means the rate of the majority of available repair stalls in the local market area of the insured. The prevailing market rate shall be determined by an annual survey, conducted by the automobile insurers doing business in this state, of the repair shops in the local market area of the insured that comply with the minimum requirements for a Class A collision center recommended by the Collision Industry Conference. The survey shall contain the following information:
(a) The number of work stalls used for collision-related repairs at the location;

(b) The hourly rates for body repair labor, refinish labor, mechanical labor and frame labor;

(c) The inside and outside storage rates;

(d) The paint and body material rates;

(e) The discounts on parts; and

(f) The markup on parts.

(3) Completed surveys shall be submitted by the automobile insurers to the Attorney General's Office of Consumer Protection on the second Monday in February of each year. After notice and a hearing, the Attorney General is authorized to impose an administrative fine in an amount not to exceed Five Thousand Dollars ($5,000.00) upon any person who files the survey after the deadline provided in this subsection but is not more than thirty (30) days late. After notice and a hearing, the Attorney General is authorized to impose an administrative fine in an amount not to exceed Ten Thousand Dollars ($10,000.00) upon any person who fails to file the survey or files the survey more than thirty (30) days after the deadline provided in this subsection.

SECTION 2. This act shall take effect and be in force from and after July 1, 2002.