

Insurance Regulation 230-RICR-20-05-10 as Amended Opens the Door for NEGOTIATED Auto Body Labor Rates. In Rhode Island

Since 2007 there has been an annual AUTO BODY LABOR RATE SURVEY in place. Insurers that write 1% or more of the total Rhode Island market share are mandated to conduct a Survey in order to determine auto body labor rates. For a few short years there were no regulations that applied to the many insurers that fell below the 1% threshold regarding how they determined a labor rate. This later changed when the Rhode Island Department of Business Regulations (DBR) determined that the under 1% set of insurers could adopt the labor rate from one of those that had filed a Survey. Many of the auto body shops in Rhode Island were not even aware of the “adopted” labor rates. This all changed this year when RI Insurance Regulation 230-RICR-20-05-10 was amended. To access this Regulation ([Click here](#))

The Important change in the Regulation Reads as follows:

“Insurers writing less than one percent (1%) of the total premium volume of Motor Vehicle Liability Insurance during the immediately preceding calendar year shall determine a prevailing auto body labor rate either by conducting an auto body labor rate survey in accordance with R.I. Gen. Laws §27-29-4.4 or negotiating the payment of auto body labor rates with each licensed Full Collision Repair Auto Body Facility”

The Change from “Adopted” Labor rate to “Negotiated” Labor Rate

The change from “Adopted” to “Negotiated” is a HUGE step forward for the Collision Shops of Rhode Island. Without the hard work and influence of **ABARI**, this change would not have happened.

In accordance with the Administrative Procedures Act Chapter 42-35 of the General Laws of Rhode Island the Rhode Island Department of Business Regulation gave notice of its intent to amend 230-RICR-20-05-10. The purpose of the amendment was to clarify the legislative intent of the statute (R.I. Gen. Laws §27-29-4.4) that insurers must either conduct the survey or negotiate with the auto body shops. Rhode Island Insurance Regulation 230-RICR-20-05-10 was formally amended effective August 14, 2017.

Insurers that fall under the 1% threshold and do not file a Survey must now negotiate the payment of Auto Body Labor rates with each Licensed Full Collision Repair Auto Body Facility.

This now presents an opportunity for both the Class A and Class B shops of Rhode Island to negotiate the payment of Auto Body Labor Rates with the certain set of insurers that fall below the 1% threshold, and that also did not file a Labor Rate Survey for 2017. So far, there are only 4 Insurance companies from this set of insurers that have filed Surveys, by default all of the other insurance companies that did not file a Survey are required to negotiate the Labor Rate. Reports that have been coming into us suggest that the majority of these insurance companies are negotiating in good faith.

It is up to each individual collision repair facility to initiate the negotiating process. The best starting point is the inside adjuster. The adjuster may negotiate the rate with you or may defer it to either a supervisor or may

tell you that the appraiser will negotiate the rate with you. In general the appraiser will be unwilling to negotiate the labor rate unless he or she has been told that they have the authority to do so. If it is the appraiser that will be negotiating the labor rate it is best to “pre-qualify” the rate that you are seeking with either the adjuster or supervisor. This process works best if done by e-mail.

The Under 1% Market – Who are they and how many are there?

The less than 1% group of insurers actually accounts for about 10.5% of the total Rhode Island Market. There are 155 separate Insurance Companies. Some of these separate Insurance companies are combined into Groups. There are 80 different Insurance Groups. To access this list ([Click here](#))

So far in this year’s Labor Rate Survey there are four (4) Insurance Companies that have chosen to file a Survey instead of Negotiating the Auto Body Labor Rate. They are:

- 1) Employers Mutual (EMC) (Market Share .76%)
- 2) Arbela Insurance (Market Share .47%)
- 3) State Farm Insurance (Market Share .45%)
- 4) New London County (NLC) (Market Share .25%)

These four (4) insurance companies account for 1.83% of the Market Share. Subtracting this percentage from this group of insurers (under 1%) we are left with 8.63% of the Total Volume of the Rhode Island Market that is subject to negotiating the auto body labor rate. This might only be a small percentage but it is important as within this set of insurers the Rhode Island Market will start to realize exactly what the market will bear. Reports that are coming into us are that the Collision Repair Facilities of Rhode Island are negotiating favorable Auto Body Labor Rates.

We now will have two sets of rates in Rhode Island. The first is the set of “Prevailing Auto Body Rates” and the second set are “Negotiated Market Rates”.

Now that we have covered Negotiated Auto Body Labor Rates let us have a look at the 2017 “Prevailing Labor Rates” as reported by the 15 Insurance Companies that were required to file a Survey this year.

PROGRESSIVE

- 1) RATE CHANGE from 2016: None

	Class A	Class B
Prevailing Labor Rate	\$47.00	\$47.00
Frame Rate	\$47.00	\$47.00
Mechanical Rate	\$60.00	\$60.00
Aluminum Rate	Negotiable	Negotiable

ALLSTATE

- 1) RATE CHANGE from 2016: None

	Class A	Class B
Prevailing Labor Rate	\$50.00	\$48.00
Frame Rate	\$50.00	\$49.00
Mechanical Rate	\$59.00	\$59.00
Aluminum Rate	\$80.00/Hr.	

GEICO (Part of the Berkshire Hathaway Insurance Group)1) RATE CHANGE from 2016: **None**

Note: Mechanical rate actually went down from \$54.00 to \$50.00.

	Class A	Class B
Prevailing Labor Rate	\$45.00	\$45.00
Mechanical Rate	\$50.00	\$50.00
Aluminum Rate	No Aluminum rate was posted.	

NATIONAL INDEMNITY (NICO) (Part of the Berkshire Hathaway Insurance Group)

1) RATE CHANGE from 2016: Up by \$2.00

	Class A	Class B
Prevailing Labor Rate	\$47.00	\$47.00
Aluminum Rate	Negotiable	Negotiable

AMICA1) RATE CHANGE from 2016: **None**

	Class A	Class B
Prevailing Labor Rate	\$48.00	\$46.00
Aluminum Rate	\$50.00	

LIBERTY MUTUAL

1) RATE CHANGE from 2016: Increase of \$1.00 per hour for B Shops, \$3.00 per hour for A Shops

	Class A	Class B
Prevailing Labor Rate	\$48.00	\$46.00

NATIONWIDE

1) RATE CHANGE from 2016: Increase of \$2.00 per hour for the A shops only

	Class A	Class B
Prevailing Labor Rate	\$50.00	\$48.00
Aluminum Rate	Negotiable	Negotiable

METROPOLITAN1) RATE CHANGE from 2016: **None**

	Class A	Class B
Prevailing Labor Rate	\$49.00	\$47.00
Aluminum	No Rate was posted for Aluminum	

USAA1) RATE CHANGE from 2016: **None**

	Class A	Class B
Prevailing Labor Rate	Not to exceed \$52.00	not to exceed \$50.00
Aluminum	No Rate was posted for Aluminum	

MAPFRE

1) RATE CHANGE from 2016: Increase of \$1.50 per hour

	Class A	Class B
Prevailing Labor Rate	\$48.00	\$47.00
Aluminum	No Rate was posted for Aluminum	

TRAVELERS

- 1) RATE CHANGE from 2016: Up \$1.00 per hour for A shops. One rate posted for all counties for the B shops. Increase varied from \$0.00 to \$3.00 depending upon County.

	Class A	Class B
Prevailing Labor Rate	\$53.00	\$50.00 (for all Counties)
Aluminum		

SELECTIVE

- 1) RATE CHANGE from 2016: Frame Rate moved from \$52.00 to \$55.00, Mechanical rate moved from \$60.00 to \$80.00

	Class A	Class B
Prevailing Labor Rate	\$50.00	\$50.00
Frame Rate	\$55.00	\$55.00
Mechanical Rate	\$80.00	\$80.00
Aluminum Rate	\$100.00	\$100.00

MAIN STREET AMERICA

- 1) RATE CHANGE from 2016: None

	Class A	Class B
Prevailing Labor Rate	\$46.00	\$46.00
Aluminum	Negotiated	Negotiated

OHIO MUTUAL

- 1) RATE CHANGE from 2016: Base rate and Frame rates up by \$2.00, Mechanical Rates dropped by \$8.00, Alum Rate up by \$1.00

	Class A	Class B
Prevailing Labor Rate	\$50.00	\$50.00
Frame Rate	\$54.00	\$54.00
Mechanical Rate	\$69.00	\$69.00
Aluminum Rate	\$101.00	\$101.00

Ohio Mutual stated that *“we will continue to **negotiate** a fair market rate with each shop to promote consumer service and business relationships”* and *“Ohio Mutual recognizes that some manufacturers require specific certifications and equipment and we will work with shops on an individual basis to establish a fare rate on those types of vehicles”*

PROVIDENCE MUTUAL

- 1) RATE CHANGE from 2016: Base Rate increased by \$3.00 - Alum Rate increased by \$20.00

	Class A	Class B
Prevailing Labor Rate	\$48.00	\$48.00
Aluminum	\$85.00	\$85.00



ABARI wishes you a Happy Holiday Season!