



Property Casualty Insurers
Association of America
Shaping the Future of American Insurance

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RI Supreme Court Will Hear PCI's Appeal of Auto Body Labor Rate Survey Case

PROVIDENCE, R.I. – The Rhode Island Supreme Court yesterday agreed to hear the Property Casualty Insurers Association of America's (PCI) appeal of a case decided by the Superior Court that would have forced insurers to conduct a labor rate survey and use this information as the sole determinant of the prevailing auto body labor rate. The Court also moved to stay the lower court's decision.

The case, *Auto Body Association of Rhode Island (ABARI) vs. State of Rhode Island Department of Business Regulation (RIDBR)*, stems from the department's interpretation of Rhode Island law that the labor rate survey is not the sole determinant of the prevailing labor rate; rather, it is only one factor which insurers are to consider in determining such a rate. ABARI appealed RIDBR's decision to the Superior Court. PCI intervened and made a filing in the case asking the court to affirm RIDBR's decision. The Superior Court judge ruled in favor of ABARI and both RIDBR and PCI filed appeals to the Supreme Court. Now the Supreme Court has consolidated the appeals and will hear the case.

"PCI is pleased and encouraged that the Supreme Court agreed to hear the appeal," said Frank O'Brien, vice president and regional manager for PCI. "The previous ruling removed any checks and balances regarding the establishment of a reasonable labor rate, opening the door to drivers and insurers being socked with inflated auto body repair labor rates and ultimately higher repair costs. ABARI wants to circumvent the role of competition in setting prices and force insurers to pay whatever amount is reported to them in the Auto Body Labor Rate Survey. We want to make sound decisions about repair claims and take into account the many factors that should be included in determining a fair labor rate. Efforts to make sure repair costs are reasonable benefit all consumers because they help contain the cost of auto insurance."

PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write over \$195 billion in annual premium, 39.8 percent of the nation's property casualty insurance. Member companies write 51.4 percent of the U.S. automobile insurance market, 38.4 percent of the homeowners market, 32 percent of the commercial property and liability market, and 37.6 percent of the private workers compensation market.

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