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April 5, 2021

Representative Joseph J. Solomon, Jr.
Chairman, House Corporations Committee
Rhode Island State House
Providence RI, 02903

RE: Support House Bill 6065

Dear Chairman Solomon and Members of the House Corporations Committee:

Thank you for this opportunity to present testimony on **House Bill 6065**. Allstate supports **House Bill 6065**. The bill would amend the unfair claims settlement practices act in three substantive ways.

First, it would raise the appraisal threshold performed by a licensed appraiser where the motor vehicle has sustained damage from twenty-five hundred dollars (\$2,500) to five thousand dollars (\$5,000). Next, it would require an insurance company to complete an auto appraisal within four (4) days, instead of the current three (3) day standard. Finally, it would redefine “fair market value” in determining the value of a total loss vehicle to include compilations commonly used by the automotive “or the insurance industry.”

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In most states, Allstate currently uses available technology to assist insurance consumers who have suffered damage to their vehicles. Much of this technology allows consumers to utilize techniques such as photos or video to send information to licensed appraisers without the need to perform a physical inspection of the vehicle. This process allows consumers, where it is safe to do so, to commence their claims process at their convenience. In other jurisdictions, the consumer, who utilizes this process, can receive a check for the estimated damages expeditiously and are free to take the vehicle to a shop of their choice to have their vehicle repaired. If a repair facility finds further damage than that which is identified in the original estimate, a supplement can be submitted to capture damage that was at first not identified. The supplement process is common in all appraisals, even ones that utilize a physical inspection.

Rhode Island's current requirement of a "physical inspection" of damages at \$2,500 or more seriously limits customer choice in this area. With the current costs of auto repairs, a \$2,500 limit means that in Rhode Island consumers who wish to do so are not able to utilize a virtual appraisal process. Raising the threshold to \$5,000 will allow more Rhode Island consumers to have the ability gain control of their repair process

House Bill 6065 also would amend current law by compelling insurance companies to appraise vehicles within 4 days, up from the current 3-day standard. While still not optimal, increasing the appraisal requirement to 4 days would standardize this timeframe to the timeframe set for the performance of supplemental appraisals, which is also currently 4 days.

It is interesting to note that with this provision, Rhode Island law dictates that appraisals be done as soon as 3 days, yet with its restrictions on the use of virtual inspections, the unfair claims settlement practice act slows down the repair process for consumers by requiring a physical inspection of the overwhelming percentage of auto insurance

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damage claims. Even at 4 days, the time to inspect and appraise a vehicle in Rhode Island is challenging. Expanding the use of modern technology to utilize virtual appraisal techniques, which are available to consumers in almost every other state, will significantly decrease the time a consumer must wait to begin the claims process. If the goal of the claims process is speed, then Rhode Island consumers should be empowered with all tools to have their claims paid more quickly.

Finally, the 3rd substantive amendment proposed in **House Bill 6065** would allow the use of nationally recognized insurance industry automobile valuation compilations to be used when assessing the value of a vehicle that has been determined to be a total loss. Currently only automotive industry sources may be used. The existence of the restrictive language of the current statute means that nationally recognized entities that are used in other states to compile automobile valuations are not available in Rhode Island because they are labeled “insurance industry” sources. Vendors should be utilized in Rhode Island that are qualified to offer valuation amounts on total loss vehicles. They should not be disqualified because of a categorization designed to prevent them from offering their services in Rhode Island.

For these reasons, Allstate respectfully requests that the Committee support **House Bill 6065**. Thank you for your consideration.

Sincerely,

Timothy L. Knapp

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Northeast Regional Counsel

Allstate Insurance Company

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