

# COMMONWEALTH OF VIRGINIA

ALFRED W. GROSS  
COMMISSIONER OF INSURANCE



P.O. BOX 1157  
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## STATE CORPORATION COMMISSION BUREAU OF INSURANCE

February 12, 2003

Dan Risley  
Executive Director  
Society of Collision Repair Specialists  
P.O. Box 2548  
Tri-Cities, Washington 99302

Re: Arbitrary Paint Capping

Dear Mr. Risley:

This is in response to your January 31, 2003 letter concerning the method insurers use to determine the amount they will pay for paint and material.

We appreciate your providing the scenarios; however, without the insurer's response as to how it arrived at the amount it paid for paint and material, we are unable to determine if the insurer paid the reasonable cost or set an arbitrary paint cap. As I mentioned in my April 25, 2002 letter concerning the same issue, Section 38.2-510 of the Code of Virginia (Unfair Claims Settlement Practices Act) states in part that no person shall refuse arbitrarily and unreasonably to pay claims with such frequency as to indicate a general business practice. In addition, you may wish to review House Bill 2267 which is currently being considered by the Virginia General Assembly. This bill amends Section 38.2-517 by stating that insurers are not required to pay more for motor vehicle repair services or products than the prevailing competitive charges for equivalent services or products charged by similar contractors or repair facilities within a reasonable geographic or trade area of the address of the repair facility.

Sincerely,

Carol G. Howard  
Supervisor  
Consumer Services Section  
Property and Casualty Division  
(804) 371-9185

cc: Alfred W. Gross, Commissioner of Insurance

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## STATE CORPORATION COMMISSION BUREAU OF INSURANCE

April 25, 2002

Don Risley  
Executive Director SCRS  
Society of Collision Repair Specialists  
P.O. Box 2548  
Tri-Cities, Washington 99302-2548

Re: Arbitrary Paint Capping

Dear Mr. Risley:

This is in response to your April 2, 2002 letter concerning the above captioned subject.

Section 38.2-510 of the Code of Virginia (Unfair Claims Settlement Practices Act) states in part that no person shall refuse arbitrarily and unreasonably to pay claims with such frequency as to indicate a general business practice. Consequently, insurance companies may not arbitrarily limit the amount of money they reimburse for paint and materials.

Please contact us if you have any additional questions.

Sincerely,

Carol G. Howard  
Supervisor  
Consumer Services Section  
Property and Casualty Division  
(804) 371-9185

cc: Mary Bannister, Deputy Commissioner Property & Casualty Division  
Katie Johnson, Supervisor Market Conduct Section