**South Carolina General Assembly**

125th Session, 2023-2024

**H. 3256**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Jefferson, White, Kilmartin, Anderson and Felder

Companion/Similar bill(s): 3813

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Introduced in the House on January 10, 2023

Currently residing in the House

Summary: Rural Area Support Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/8/2022 House Prefiled

12/8/2022 House Referred to Committee on **Labor, Commerce and Industry**

1/10/2023 House Introduced and read first time ([House Journal‑page 111](h:\hj\20230110.docx))

1/10/2023 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 111](h:\hj\20230110.docx))

1/17/2023 House Member(s) request name added as sponsor: White,
Kilmartin

1/18/2023 House Member(s) request name added as sponsor: Anderson

1/31/2023 House Member(s) request name added as sponsor: Felder

1/31/2023 Scrivener's error corrected

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**VERSIONS OF THIS BILL**

[12/08/2022](https://www.scstatehouse.gov/sess125_2023-2024/prever/3256_20221208.docx)

[01/31/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/3256_20230131.docx)

A bill

to amend the South Carolina Code of Laws BY ENACTING the “Rural Area Support Act”; and BY ADDING ARTICLE 13 TO CHAPTER 77, TITLE 38 SO AS TO REQUIRE ALL AUTOMOBILE INSURANCE POLICIES TO CONTAIN AN APPRAISAL CLAUSE, TO PROHIBIT COLLUSION BETWEEN AUTOMOBILE INSURERS AND VENDORS, TO PROVIDE THAT AN INSURANCE POLICY THAT COVERS A PERSON OPERATING A RENTED OR LEASED VEHICLE, REGARDLESS OF THE LIMITATIONS OR EXCLUSIONS IN THE OPERATOR’S POLICY, SHALL BE PRIMARY TO A MOTOR VEHICLE INSURANCE POLICY IN WHICH THE NAMED INSURED IS A RENTAL COMPANY OR AFFILIATE OF THE RENTAL COMPANY, A QUALIFIED SELF INSURER, AND A BOND POSTED BY A RENTAL COMPANY OR AN AFFILIATE OF THE RENTAL COMPANY FOR THE PURPOSE OF COMPLYING WITH FINANCIAL RESPONSIBILITY, TO REQUIRE AUTOMOBILE REPAIRS TO FOLLOW MANUFACTURER’S INSTRUCTIONS, TO ALLOW AN INSURED TO SELECT A VENDOR FOR SERVICES ARISING UNDER AN AUTOMOBILE INSURANCE POLICY; TO REQUIRE INSURERS TO UTILIZE SOUTH CAROLINA-OWNED VENDORS FOR AT LEAST FIFTY PERCENT OF ITS COVERED SERVICES; AND TO REQUIRE INSURERS TO PAY SALES TAX FOR AUTOMOBILE PAINT WHEN REQUIRED TO PROVIDE CAR PAINTING SERVICES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. This act may be cited as the “Rural Area Support Act”.

SECTION 2. Chapter 77, Title 38 of the S.C. Code is amended by adding:

Article 13

Rural Area Support

Section 38‑77‑1310. Notwithstanding another provision of law, all new automobile insurance policies issued in this State must include an appraisal clause. At the time of renewal of an existing automobile insurance policy, the insurer must include an appraisal clause.

Section 38‑77‑1320. (A) It shall be unlawful for an automobile insurer to collude or conspire regarding vendor rates with any vendor including body shops, rental car companies, glass companies, and parts companies.

(B) Insurers are prohibited from establishing an agreement with any company where that company establishes a price that must be satisfied by a repair shop to do claims repair work for the insurer, and then retains a percentage of the claim.

(C) For purposes of this section, vendor includes body shops, rental car companies, glass companies, and automobile parts companies.

Section 38‑77‑1330. (A) An insurance policy that covers a person operating a rented or leased vehicle, regardless of the limitations or exclusions in the operator’s policy, shall be primary to:

(1) a motor vehicle insurance policy in which the named insured is a rental company or affiliate of the rental company;

(2) a qualified self insurer, as defined in Section 56 9 60, a rental company, or an affiliate of the rental company; and

(3) a bond posted by a rental company or an affiliate of the rental company for the purpose of complying with financial responsibility.

(B) The limits of the primary policy must be exhausted before there may be a recovery under a policy issued to or against other financial responsibility maintained by a rental company.

Section 38‑77‑1340. All automobile repairs provided by an automobile insurer pursuant to an automobile insurance policy must follow the manufacturer’s instructions on auto body repairs for vehicles produced in 2015 and forward.

Section 38‑77‑1350. (A) An insured has the right to choose the body shop and rental car company of the insured’s choice.

(B) When an insured chooses a vendor that is not a contracted vendor for the insurer, all coverages and services must be provided without bias.

(C) In South Carolina, a vehicle owner shall not be required by an insurer to travel unreasonable distances into the urban areas to obtain an estimate, vehicle repairs, or a rental car.

(D) For purposes of this section, vendors include body shops, rental car companies, glass companies, and automobile parts companies.

Section 38‑77‑1360. (A) An insurer in this State cannot direct more than half of its claims to vendors that are not South Carolina owned companies.

(B) For purposes of this section, vendors include body shops, rental car companies, glass companies, and automobile parts companies.

Section 38‑77‑1370. When automobile repairs undertaken pursuant to an automobile insurance policy require the use of automobile paint, the insurer must pay the state sales tax on automobile paint.

SECTION 3. This act takes effect upon approval by the Governor.

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