



LOUISIANA DEPARTMENT OF INSURANCE  
JAMES J. DONELON  
COMMISSIONER

**ADVISORY LETTER 04-02  
(REVISED AND REISSUED)**

**TO: ALL PROPERTY AND CASUALTY INSURERS APPROVED TO ISSUE  
POLICIES INSURING RISKS IN LOUISIANA**

**FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE**

**RE: ADJUSTMENT OF AUTOMOBILE INSURANCE CLAIMS - PAYMENT  
FOR PAINT AND MATERIALS**

**DATE: JULY 28, 2020**

Acts 2008, No.415, § 1, effective January 1, 2009, redesignated the provisions of Title 22, formerly comprised of La. R.S. 22:1 to 22:3311, into a new format and numbering scheme comprised of La. R.S. 22:1 to 22:2371, without changing the substance of the provisions. Advisory Letter 04-02, originally issued on April 6, 2004, is being amended to update the cited statutory provisions. Additionally, Advisory Letter 04-02 is being revised and reissued to update departmental contact information.

This advisory letter is being issued to remind property and casualty insurers that the use of arbitrary caps for paint and materials in the adjustment of automobile insurance claims is not permitted.

Please be advised that pursuant to La. R.S. 22:1964(14) a property and casualty insurer must pay claims in a manner that is consistent with the provisions of the insurance contract, the facts and the law. Under Louisiana law and the approved automobile policy form, the measure of damages is "the cost to repair or replace the damaged item." Further, La. R.S. 22:1892(D) prohibits insurers from requiring a claimant to have repairs made at a particular shop. The use of an arbitrary cap is inconsistent with policy language and has the effect of forcing claimants to use only those shops willing to accept the capped amount in payment or pay the difference themselves out-of-pocket.

In accordance with policy language and the public policy of this state, the insuring public should receive payment for the repairs, procedures, parts and materials that are necessary to restore a damaged vehicle to its pre-accident condition. Restoration should be relative to safety, function, and appearance, regardless of the prevailing market practice and provided there is prior knowledge and agreement between the involved parties.

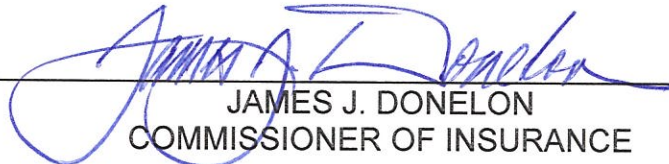
Insurance companies are reminded that the recommendations of vehicle and paint manufacturers and industry procedure manuals, including information provider software, should be utilized to determine the necessary repair procedures, parts and materials to restore a damaged vehicle to its pre-accident condition.

Where a dispute arises, a property and casualty insurance company must use all available sources of information in determining the cost of repair, including but not limited to the following:

Mitchell™, CCC™, ADP™, Motors™, I-Car, UPCR (Uniform Procedure for Collision Repair) and Tech-Cor™.

If there are any questions regarding this Advisory Letter, please contact the Deputy Commissioner for the Office of Property and Casualty, electronically at [public@ldi.la.gov](mailto:public@ldi.la.gov).

Baton Rouge, Louisiana, this 28<sup>th</sup> day of July, 2020.



JAMES J. DONELON  
COMMISSIONER OF INSURANCE