



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

ADVISORY LETTER 07-01 (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: REPAIR OF MOTOR VEHICLES - STATEMENT OF PRINCIPLES

DATE: JULY 28, 2020

Advisory Letter 07-01, originally issued on June 22, 2007, is being revised and reissued to update departmental contact information. The Louisiana Department of Insurance ("LDI") is responsible for the regulation of the insurance industry in all its phases. Although the LDI does not have direct regulatory authority over the collision repair industry, it is responsible for protecting the insuring public as it relates to automobile insurance claims.

In the past, insurance consumers often experienced unwarranted delays in the repair of their vehicles and/or the payment of their vehicle repair claims due to disagreements between property and casualty insurers and collision repair facilities. Advisory Letter 07-01 was originally issued to assist all interested parties in reaching a satisfactory and timely resolution with regard to vehicle repairs and payment of vehicle repair claims. The principles and practices that were previously implemented are set forth below and remain as an aid in resolving the vast majority of conflicts between property and casualty insurers, consumers and the collision repair industry.

Both property and casualty insurers and collision repair facilities are requested to:

- Acknowledge that collision repair facilities should receive payment only for those repairs, procedures, parts and materials that are necessary to restore vehicles to their pre-accident condition relative to safety, function, and appearance, regardless of prevailing market practice. There should be prior knowledge and agreement between all involved parties, including the insured.
- Acknowledge that recommendations of vehicle and paint manufacturers and industry procedure manuals, including information obtained from provider software, should be utilized to determine the necessity of repair procedures, parts and materials. Information resources include, but are not limited to, technical bulletins and manuals produced by the vehicle and paint

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

- Acknowledge that decisions by individual repair centers not to charge for specific repairs, procedures, parts and materials from time to time should have no effect on insurers making payment to those facilities when they charge for the same necessary repairs, procedures, parts and materials.
- Acknowledge that the collision repair consumer is entitled to complete industry defined quality involving necessary repairs, procedures, parts and materials to their vehicles, utilizing all recognized industry repair methodology and collision repair part alternatives. The consumer should be given the benefit of both quality and economic cost control, provided there is prior knowledge by the involved parties, and that the vehicle is restored to its pre-accident condition relative to safety, function and appearance.
- Work together to prevent fraudulent acts by any and all parties involved, including collision repair centers, consumers, vendors and insurance companies.

This statement of principles was developed with input from an ad hoc task force composed of members of the insurance industry and the collision repair industry. The LDI recommends and encourages all parties involved to work together for the maximum benefit of the insuring public. Property and casualty insurers should also be advised and take note that the Commissioner will continue to be guided by these principles in resolving complaints.

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.

Baton Rouge, Louisiana, this 28th day of July, 2020.



JAMES J. DONELON
COMMISSIONER OF INSURANCE