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ADVISORY LETTER NO. 07-01¹

June 22, 2007

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

RE: Repair of Motor Vehicles – Statement of Principles

STATUTE AND REGULATION REFERENCES: The Louisiana Insurance Code, Title 22 of the Louisiana Revised Statutes §§ 2, 3, 658 and 1211 et seq.

It has come to my attention that insurance consumers are often experiencing unwarranted delays in the repair of their vehicle and/or the payment of their vehicle repair claim. This delay is often the result of disagreements between insurers and collision repair facilities. The Louisiana Department of Insurance is responsible for the regulation of the insurance industry in all its phases. Although the Louisiana Department of Insurance 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.

The purpose of Advisory Letter 07-01 is to assist all interested parties in reaching a satisfactory resolution and prevent as many of disagreements as possible. The suggested principles that are set forth below should be considered in their entirety. Implementing these practices should aid in resolving the vast majority of conflicts between insurers, consumers and the collision repair industry. Insurers should also be advised and take note that the Commissioner will be guided by these principles in resolving complaints.


Both 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 the involved parties, to include the insured.

¹ This Advisory Letter supersedes Advisory Letter 99-01 and 04-01.

- 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, including representatives of the Louisiana Collision Association, National Collision Marketing Institute of Louisiana Tech University, State Farm Insurance Companies, Allstate Insurance Companies, USAgencies Casualty Insurance Company, Independent Insurance Agents Association and Professional Insurance Agents Association. The Louisiana Department of Insurance recommends and encourages all parties involved to work together for the maximum benefit of the insuring public. Should you have any questions regarding this Advisory Letter please contact Clarissa Preston, Deputy Commissioner of the Office of Property and Casualty at 225-342-5203 or electronically at cpreston@ldi.state.la.us.



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