

SENATE RESOLUTION NO. 164

BY SENATOR CATHEY

A RESOLUTION

To urge and request the Department of Insurance to study and make recommendations regarding issues related to insurance coverage of motor vehicle damage repairs, including the steering of insureds and claimants to preferred repair facilities and the settlement of disputes regarding the adjustment of vehicle damage claims.

WHEREAS, R.S. 22:1892 governs the payment and adjustment of certain insurance claims, including vehicle damage claims; and

WHEREAS, R.S. 22:1892(D) prohibits an insurer from requiring motor vehicle repairs to be made in a particular place or shop or by a particular entity, a practice known as "steering"; and

WHEREAS, pursuant to R.S. 22:1892(D), an insurer may recommend the use of a particular motor vehicle service or network of repair services if the insurer informs the insured or claimant that he is under no obligation to use the recommended repair service or network of repair services, thus allowing insurers to steer insureds or claimants to preferred repair facilities; and

WHEREAS, the Louisiana Insurance Code provides a framework for the mediation of disputes over amounts owed by an insurer to an insured or claimant for certain policy lines, but does not provide such a framework for the resolution of disputes regarding the adjustment of motor vehicle damage claims that are less than a total loss; and

WHEREAS, motor vehicle repair facility owners testified to the Senate Committee on Insurance on alleged violations of the provisions regarding steering; and

WHEREAS, additional testimony was provided by the motor vehicle repair facility owners regarding their inability to properly contest an insurer's adjustment of a motor vehicle damage claim and the repairs necessary to restore an insured's or claimant's motor vehicle to proper working condition, resulting in additional time and expense to their customers; and

WHEREAS, the Department of Insurance is the state regulator of the insurance industry in Louisiana and serves as advocate for the state's insurance consumers; and

WHEREAS, practices related to unfair claims settlement, consumer coercion, misrepresentation, or anti-competitive conduct may undermine consumer choice, negatively affect competition among independently owned repair businesses, and potentially result in repairs that prioritize insurer cost savings over vehicle safety, quality, and manufacturer-recommended repair procedures, and it is vital that the potential for violations of the Louisiana Insurance Code be thoroughly examined by the Department of Insurance to ensure compliance with state law; and

WHEREAS, a comprehensive study by the Louisiana Department of Insurance would assist the legislature in determining the extent of insurer steering practices, identifying any gaps in the department's enforcement authority, and evaluating whether additional consumer protections or statutory reforms are necessary.

THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana does hereby urge and request the Department of Insurance to study and make recommendations regarding issues related to insurance coverage of motor vehicle damage repairs, including the steering of insureds and claimants to preferred repair facilities and the settlement of disputes regarding the adjustment of vehicle damage claims.

BE IT FURTHER RESOLVED, the department shall also study and make recommendations regarding the feasibility, desirability, and practicality of enacting a statutory dispute resolution procedure to resolve disputes between an insurance provider and a motor vehicle repair facility over the repairs necessary to restore a customer's motor vehicle to proper working condition and to prevent the steering of insureds and claimants to preferred motor vehicle repair facilities.

BE IT FURTHER RESOLVED that when conducting the study, the Department of Insurance shall engage and solicit input, recommendations, and advice from all relevant and interested parties and stakeholders, including but not limited to motor vehicle repair facility owners, insurers, and consumer advocates.

BE IT FURTHER RESOLVED that the Department of Insurance shall submit a written report of its findings and recommendations, including proposals for legislation, to the Senate Committee on Insurance and to the David R. Poynter Legislative Research Library, as required by R.S. 24:771 and 772, no later than February 1, 2027.

SR NO. 164

ENROLLED

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the commissioner of insurance.

PRESIDENT OF THE SENATE