

HOUSE BILL No. 1189

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-4-1.5.

Synopsis: Auto repair claims settlement. Includes, in the requirement that an insurer provide notice of an insured's right to approve the type of body parts used to repair a motor vehicle, a third party to whom an insured is obligated for damage to the third party's motor vehicle.

Effective: July 1, 2018.

Pierce, Ellington, Austin

January 9, 2018, read first time and referred to Committee on Insurance.



Second Regular Session of the 120th General Assembly (2018)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1189

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-4-1.5-6.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2018]: **Sec. 6.5. As used in this chapter,**
4 **"third party" means a person to whom an insured is obligated for**
5 **damage to the person's motor vehicle.**

6 SECTION 2. IC 27-4-1.5-8 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8. (a) An insurer that
8 is obligated to pay at least part of the cost of repairing the exterior of
9 a motor vehicle under an insurance policy issued by the insurer may not
10 direct a body shop to repair the motor vehicle until the insurer has
11 presented:

- 12 (1) the insured; or
- 13 (2) if the motor vehicle is owned by a third party, the third
14 party;

15 with a written notice that meets the requirements set forth in
16 subsections (b) and (c).

17 (b) An insurer described in subsection (a) shall present the insured



- 1 **or third party** with a written notice that does the following:
- 2 (1) Informs the insured **or third party** that the insured **or third**
- 3 **party** has a right to approve the type of body parts to be used in
- 4 the repair of the motor vehicle.
- 5 (2) Gives the insured **or third party** an opportunity, in approving
- 6 the type of body parts to be used in the repair of the motor
- 7 vehicle, to select from among the following:
- 8 (A) New body parts manufactured by or for the manufacturer
- 9 of the motor vehicle.
- 10 (B) New body parts that were not manufactured by or for the
- 11 manufacturer of the motor vehicle.
- 12 (C) Used body parts.
- 13 (c) An insurer described in subsection (a) shall give the insured **or**
- 14 **third party** an opportunity to indicate in writing the type of body part
- 15 that the insured **or third party** approves for use in the repair of the
- 16 motor vehicle.
- 17 (d) This section applies only in the five (5) years after the model
- 18 year of the motor vehicle.
- 19 SECTION 3. IC 27-4-1.5-9 IS AMENDED TO READ AS
- 20 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 9. An insurer that:
- 21 (1) is required to give a written notice to an insured **or a third**
- 22 **party** under section 8 of this chapter concerning the repair of a
- 23 motor vehicle;
- 24 (2) does not give the insured **or third party** a written notice that
- 25 meets the requirements set forth in section 8(b) of this chapter;
- 26 and
- 27 (3) directs a body shop to repair the motor vehicle;
- 28 commits an unfair claim settlement practice under IC 27-4-1-4.5.
- 29 SECTION 4. IC 27-4-1.5-11 IS AMENDED TO READ AS
- 30 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 11. An insurer that:
- 31 (1) under section 8(c) of this chapter gives an insured **or a third**
- 32 **party** an opportunity to indicate in writing the type of body part
- 33 that the insured **or third party** approves for use in the repair of
- 34 the motor vehicle; and
- 35 (2) directs a body shop to repair the motor vehicle using a type of
- 36 body part different from the type of body part that the insured **or**
- 37 **third party** approved for use in the repair of the motor vehicle;
- 38 commits an unfair claim settlement practice under IC 27-4-1-4.5.
- 39 SECTION 5. IC 27-4-1.5-12 IS AMENDED TO READ AS
- 40 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 12. An insurer that:
- 41 (1) under section 8(c) of this chapter gives an insured **or a third**
- 42 **party** an opportunity to indicate in writing the type of body parts



1 that the insured **or third party** approves for use in the repair of
2 a motor vehicle; and
3 (2) refuses to:
4 (A) pay for; or
5 (B) direct a body shop to use;
6 the type of body parts approved by the insured **or third party**
7 under section 8(c) of this chapter in the repair of the motor
8 vehicle;
9 commits an unfair claims settlement practice under IC 27-4-1-4.5.

