



LOUISIANA DEPARTMENT OF INSURANCE
J. ROBERT WOOLEY, COMMISSIONER

DIRECTIVE 183

P.O. Box 94214
BATON ROUGE, LOUISIANA 70804-9214
PHONE (225) 342-5900
FAX (225) 342-3078
<http://www.idi.state.la.us>

March 31, 2005

RE: La.R.S. 22:672

**NOTICE TO ALL AUTOMOBILE INSURERS
LICENSED OR DOING BUSINESS IN LOUISIANA**

RE: Automobile Insurer Responsible For All Towing and Storage Service Charges

There has been a significant increase in the number of consumer complaints received by this Department regarding the failure or refusal of automobile insurers to pay for the towing and/or storage services associated with the incident from which coverage arose under the automobile insurance policy. Based on complaints, some insurers have used the tactic of refusing to "take title" to a motor vehicle as the basis for them taking the position that they will not pay for the towing and/or storage services associated with a covered incident involving the motor vehicle. By taking this position, the insurer is operating under the erroneous technicality that since it did not actually have title placed in the name of the insurer that it did not "...assume or accede to the legal title of the motor vehicle..." and that the obligation to pay the towing and/or storage fees remains the sole obligation of the insured (the owner of the motor vehicle on the date of the incident).

Also, complaints have been received by the Department that indicate some insurers have used the alternative tactic of agreeing to pay for the towing and/or storage services but will subsequently reduce the net payment to the insured for the damage to the motor vehicle by the amount of the payment made for the towing and/or storage service charges.

The complaints described above are clear violations of the unequivocal intent of R.S. 22:672. This Louisiana law requires that an automobile insurer will "...assume or accede to the legal title of a motor vehicle..." for the explicit purpose of, among other things, being the sole person responsible for the payment of all "...charges for towing and storage services associated with the incident from which the insurance coverage arises." While the amount of the charge for storage service remains subject to regulation by the Public Service Commission, R.S. 22:672 clearly establishes that the payment of these towing and storage services remains the sole obligation of the automobile insurer.

In addition to the above, I specifically caution all persons involved in the storage of automobiles that any storage charge that exceeds the fee authorized by the Public Service Commission may subject the storage person to the loss of all storage revenues associated with the storage of the motor vehicle involved in a specific incident and may subject the storage person to a civil fine not to exceed one hundred dollars per day, per violation, that may be levied by the Department pursuant to R.S. 22:672.D.(2).

Charged with the duty of interpreting and administering the provisions of the Louisiana Insurance Code, I hereby direct every automobile insurer that R.S. 22:672.A will become operative any time the insurer and the insured have reached an "agreement" with regard to the monetary damage to a motor vehicle associated with the incident from which the insurance coverage arises. Furthermore, pursuant to my authority to interpret and administer the Louisiana Insurance Code, any such "agreement" between the insurer and the insured with regard to the monetary damage to a motor vehicle will be construed as if the insurer did in fact "...assume or accede to the legal title of a motor vehicle..." as per the requirements of R.S. 22:672.A.

You are hereby directed to immediately bring your practice into compliance with the unequivocal purpose and intent of R.S. 22:672. Accordingly, any automobile insurer not operating in compliance with the foregoing statutory requirements may be the subject of an administrative action for violation(s) of R.S. 22:672 and/or unfair trade practices under R.S. 22:1214. Additionally, any person involved in the storage of a motor vehicle not operating in compliance with the foregoing statutory requirements may be the subject of an administrative action for violation(s) of R.S. 22:672 and/or unfair trade practices under R.S. 22:1214. In addition to the penalties set forth above, violation(s) of R.S. 22:672 that may also be found to be a violation of R.S. 22:1214 may subject the violator to the penalties set forth in R.S. 22:1217.

Please be Governed Accordingly.

BY: _____



J. ROBERT WOOLEY
COMMISSIONER OF INSURANCE