

# Are Insurance Companies Violating the “Unfair Claims Settlement Practices”?

## **What are “Unfair Claims Settlement Practices?”**

- The illegal practice of denying or reducing a claim by the Insurer.
- Indiana law provides a list of 16 Unfair Claims Practices that require that claims be handled fairly and there is clear communication between the insurer and the insured. ([Click here for all 16 Practices](#))

## **Below are 2 examples of the 16 “Unfair Claims Settlement Practices” that most relates to our Industry**

### **#4 Refusing to pay claims without conducting a reasonable investigation based upon all available information.**

**What does this mean?** If an Insurance company denies or reduces a claim, they must have conducted a reasonable investigation based upon all available information.

**Example 1:** *Insurance Company refuses to pay for required repair procedure (e.g. scan vehicle with an OEM position statement).*

**VIOLATION:** Insurance Company did not conduct a reasonable investigation and denies claim without any basis. Insurers must investigate, not just say “It’s our Company Policy” OR “We just don’t pay for that”

**Example 2:** *Insurance Company places an “arbitrary cap” on the amount paid for a required repair procedure (e.g. Cap on paint and materials without any basis which prevents proper repairs from being made).*

**VIOLATION:** Insurance Company did not conduct a reasonable investigation and simply denies claim without any basis. Insurers have an obligation to properly investigate, not simply say “that’s all we pay”

### **#6 Not attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear.**

**What does this mean?** Liability is clear but the Insurance Company is not responding to the claim in a reasonable amount of time.

**Example 1:** *Customer dropped off a non drivable vehicle. The Insurance Company accepted liability, however, an unreasonable amount of time passes and Insurance Company delays in processing claim or providing approval for estimate, causing consumer to pay unnecessary out-of-pocket costs.*

**Example 2:** *The shop promptly submits supplement to insurance company, however, an unreasonable amount of time passes and insurer fails to respond in good faith and/or in a fair and reasonable time frame.*

## **What can a shop do to assist reporting Unfair Claims Practices ?**

1. Have the consumer file a complaint online with the Department of Insurance providing proof of the claim and any supporting documents. ([ClickHere](#))
2. Have the shop submit a 3<sup>rd</sup> party complaint form in the name of the consumer using the “Department of Insurance 3<sup>rd</sup> Party Complaint Form”. ([Click Here](#))

**Result of the DOI Complaint:** *DOI will investigate to determine if the insurer violated the Unfair Claims Settlement Practices laws.*

**\*This document is general in nature and deals with various laws and regulations. It is provided for informational purposes only and should not be considered legal advice.**