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Senate Judiciary Committee
Senate Bill 131 Sponsor Testimony

Chair Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson, and members of the Senate Judiciary Committee, thank you for the opportunity to provide Sponsor Testimony on Senate Bill 131.

Senate Bill 131 codifies existing common law regarding property damage while also clarifying existing case law regarding “residual diminution” and loss of use claims, which currently says that a motorist who can prove that the value of their car is worth less, after being repaired – than it was before an accident, may receive what is called the residual diminution, or the difference between the repaired value and its value before the crash. Meaning, this legislation specifically clarifies compensatory damages for damaged vehicles in tort actions.

Furthermore, this bill prohibits insurance companies from making a claim on the residual diminution, as part of subrogation, which is how insurers mitigate the cost of damages. In a subrogation claim, related to an award of damages for a damaged vehicle, determined under the criteria outlined in the bill, an insurer can only recover for amounts actually distributed to the insured party. If an insurer is awarded more than the amount paid out to the insured, then the insurer must pass on that amount to the insured.

Additionally, Senate Bill 131 makes clear that the vehicle owner is entitled to claim damages for "loss of use," while the vehicle is being repaired. The vehicle owner may be awarded compensation for the inconvenience and expenses incurred when they are unable to use their vehicle due to an accident.

In summary, Senate Bill 131 clarifies the issues that were muddled by the courts of appeals in terms of the pre- and post-accident value of the vehicle, after repairs; it also allows loss of use, which is extremely important to anyone who has been without a vehicle while their car is being repaired, which is one of the most common post-accident complaints personal injury lawyers are fielded. Lastly, it makes clear that the insurance company does not get a subrogation right to the funds received by the plaintiff for diminished value.

Thank you again for the opportunity to provide sponsor testimony on Senate Bill 131. I would be happy to answer any questions at this time.