



Government Relations Committee



Can a Shop's Storage Fees be Capped?

An insurer recently attempted to limit or “cap” an IABA member shop’s storage fees at \$1,500 based on Indiana Code Title 32. Property section 32-33-10-5(b). After contacting IABA and further research, it was discovered that this specific section of the law was not applicable because the customer had requested that the vehicle be repaired at the member’s shop.

There are circumstances where storage fees may be capped at \$1,500 under state law. An appeals court case attempted to shed some light on the issue.

The court of appeals case in Northwest Towing & Recovery vs State of Indiana No. 18A02-0905-CV-409 (Jan 11, 2010), stated that Indiana Code Title 32. section 32-33-10-5(b) applies in situations where the vehicle was towed to facility to be stored by the police, without owner making the request. In these non-consensual situations, the \$1,500 cap on storage would apply. See Northwest case link below. Add a little bit of body text

The Northwest case further stated that mechanic liens for repairs and storage (consensual) would not fall under this law but instead fall under another section of law, Indiana Code Title 9. Motor Vehicles sections 9-22-6-1 and 9-22-6-2 where no storage cap exists, because the vehicle owner requested such labor, storage and repair work.

So, based on the Northwest case, if the owner of the vehicle (e.g., customer) makes a request for services (e.g., labor, repair work, storage), then Indiana Code Title 9 sections 9-22-6-1 and 9-22-6-2 would apply and there would be no cap on storage fees. However, if the owner did not consent or make a request, then Indiana Code Title 32 section 32-33-10-5(b) applies and there would be a \$1,500 cap on storage fees.

We hope this clarifies the issue surrounding storage fee caps.