



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

Bulletin No. IC-9
June 26, 1992

TO: COMPANIES LICENSED IN CONNECTICUT TO WRITE AUTOMOBILE LIABILITY AND/OR AUTOMOBILE PHYSICAL DAMAGE INSURANCE.

RE: SECTION 38a-353 (PUBLIC ACT 87-158)
CALCULATING THE VALUE OF TOTALLED MOTOR VEHICLES.

This bulletin supplements Bulletin IC-4 dated August 28, 1987 and Bulletin IC-5 dated October 27, 1987.

Section 38a-353 of the Connecticut General Statutes requires that whenever any damaged motor vehicle covered under an automobile insurance policy has been declared to be a constructive total loss by the insurer, the insurer shall, in calculating the value of such vehicle for purposes of determining the settlement amount to paid to the claimant, use at least the average of the retail values given such vehicle by (1) the National Automobile Dealers Association Used Car Guide and (2) one other automobile industry source which has been approved for such use by the Insurance Commissioner.

Pursuant to the authority of this statute, the National Market Reports Inc. Red Book Region A ("Red Book") and the Automatic Data Processing Autotrak Valuation Service for Connecticut local market conditions ("Autotrak") are hereby declared and approved as second sources for calculating the value of a damaged motor vehicle declared to be a constructive total loss.

Insurers may not engage in "source shopping", i.e., alternate the use of both valuation second sources on a case-by-case basis to determine the lowest average retail value of an insured automobile. Any insurer that engages in such practice will be deemed not to be acting in good faith to effectuate prompt, fair and equitable settlements of claims and will therefore be in violation of the Connecticut Unfair Insurance Practices Act, § 38a-815 et seq., ("CUIPA").

To avoid potential violations of CUIPA in this context, automobile insurers are directed to establish and consistently follow a written policy statement which will designate either the Red Book or Autotrak as the approved total loss valuation second source to be used in addition to the NADA Used Car Guide. This written statement may be brief and direct, and may be revised periodically by the insurer. Each automobile insurer will be required to keep a copy of the policy statement and all revisions in the insurer's Connecticut claim office(s) and to make copies available to the Commissioner on his request.

A handwritten signature in cursive script, appearing to read "Robert R. Googins".

Robert R. Googins
Insurance Commissioner