



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

Bulletin IC-5  
October 27, 1987

TO: COMPANIES LICENSED IN THE STATE OF CONNECTICUT TO WRITE  
AUTOMOBILE LIABILITY AND/OR PHYSICAL DAMAGE INSURANCE

RE: PUBLIC ACT 87-158 AN ACT CONCERNING THE VALUE OF TOTALLED  
MOTOR VEHICLES

This bulletin supplements Bulletin IC-4 dated August 28,  
1987.

Public Act 87-158 applies to any damaged motor vehicle covered under an automobile insurance policy and which has been declared to be a constructive total loss. This applies to claims made pursuant to first and third party coverages as well as claims made under a combination policy affording coverage for an automobile.

The procedures for arriving at the average of the retail value, as stated in Public Act 87-158 consist of ascertaining the retail price, including all options, from the National Automobile Dealers Association Official Guide-Eastern Edition (NADA), then ascertaining the retail price, including all options, from the National Market Reports Inc. Red Book Region A (Red Book) and averaging these figures to arrive at an average retail value. In the event an option is not listed in either publication, the insurer should value that option through a verifiable method including but not limited to the local marketplace. In the event only one publication lists an option, the insurer should use at least that figure in the retail value calculations. All options and improvements affecting the value of the vehicle, unless excluded by policy provisions, as well as prior damage, mileage and overall condition of the vehicle, should be considered in arriving at the average retail value.

Public Act 87-158 requires that an insured receive at least the value arrived at in accordance with the above described method. If an insurer through reasonable and verifiable methods has knowledge of any factors, including but not limited to the local marketplace, which would increase the value, as determined above, such factors should be considered.

The Department is aware of situations which this law does not specifically contemplate but nonetheless require a determination of value. This Department suggests the following as reasonable methods of valuation:

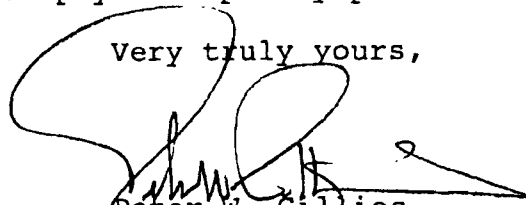
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1. Private passenger automobiles of the current model year, vehicles of the previous model year purchased as new, older vehicles, or vehicles of unusual value or design not listed in any NADA or Red Book publications should be valued based upon a reasonable and verifiable method including but not limited to the local marketplace.
2. An average retail value for vehicles listed only in the NADA or the Red Book should be determined pursuant to the one source book in which it appears, in the manner described in paragraph two and three and should use at least that figure in the retail value calculation.

Insurers should internally document and endeavor to provide the insured or claimant with itemization of the values and considerations used in calculating a settlement offer.

Under a stated amount or valued policy the value arrived at may require modification to comply with policy provisions.

Very truly yours,



Peter W. Gillies  
Insurance Commissioner

PWG:DHD:dgt