



House of Representatives

General Assembly

File No. 96

January Session, 2011

Substitute House Bill No. 5444

House of Representatives, March 21, 2011

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE VALUE OF A TOTALLED MOTOR VEHICLE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-353 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 (a) Whenever any damaged motor vehicle covered under an
4 automobile insurance policy has been declared to be a constructive
5 total loss by the insurer, the insurer shall [, in calculating] calculate the
6 value of such vehicle for purposes of determining the settlement
7 amount to be paid to the claimant. [, use at least the average of the
8 retail values given such vehicle by (1) the National Automobile Dealers
9 Association used car guide or any other publicly available automobile
10 industry source that has been approved for such use by the Insurance
11 Commissioner, and (2) one other automobile industry source that has
12 been approved for such use by said commissioner.] For the purposes
13 of this section, "constructive total loss" means that the cost to repair or
14 salvage damaged property, or the cost to both repair and salvage such

15 property, equals or exceeds the total value of the property at the time
16 of loss.

17 (b) The insurer shall provide to the claimant, not later than the date
18 the insurer pays the claimant the settlement amount for such vehicle,
19 (1) a detailed copy of such insurer's calculation of such vehicle's
20 constructive total loss value, (2) if applicable, a copy of any valuation
21 report provided to the insurer by any automobile industry source that
22 is not publicly available, and (3) a written notice disclosing that the
23 claimant may dispute such settlement amount by contacting the
24 Insurance Department. The written notice shall include the following
25 statement, which shall appear in the final paragraph of the notice in
26 not less than twelve-point type: "If you do not agree with this
27 valuation, you may contact the Consumer Affairs Division within the
28 Insurance Department". The notice shall include the address and toll-
29 free telephone number for the division and the Insurance Department's
30 Internet address.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2011	38a-353

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill changes the criteria by which auto insurers determine the value for totaled vehicles. There is no state or municipal fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5444****AN ACT CONCERNING THE VALUE OF A TOTALLED MOTOR VEHICLE.****SUMMARY:**

This bill eliminates the criteria that auto insurers must use when calculating the value of a totaled vehicle, thus, allowing them to determine the value by any means.

Under current law, when an insurer declares a covered, damaged vehicle a constructive total loss, the insurer must calculate the vehicle's value to determine the settlement amount by using at least the average of the retail values given by (1) the National Automobile Dealers Association used car guide or other publicly available automobile industry source the insurance commissioner approved for such use and (2) one other automobile industry source that the commissioner approved for such use. By law, a vehicle is a "constructive total loss" if the cost to repair or salvage it, or both, equals or exceeds the vehicle's total value at the time of loss.

EFFECTIVE DATE: October 1, 2011

BACKGROUND***Disclosure Required***

By law, the insurer must give the claimant, by the time it pays the settlement amount:

1. a detailed copy of its calculation of the vehicle's constructive total loss value;
2. if applicable, a copy of any valuation report provided to the

insurer by any automobile industry source that is not publicly available; and

3. a written notice disclosing that the claimant may dispute the settlement by contacting the Insurance Department.

The insurer's written notice must include in its final paragraph, in at least 12-point type, the following statement: "If you do not agree with this valuation, you may contact the Consumer Affairs Division within the Insurance Department." The notice must give the division's address and toll-free phone number and the department's Internet address.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 13 Nay 7 (03/08/2011)