

Testimony in Support of Senate Bill 203

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Messrs. Chairmen and members of the Committee, I come before you in strong support of Senate Bill 203, "An Act Requiring Payment For Diminution Of Value Under An Automobile Liability Insurance Policy". This legislation will provide relief to innocent Connecticut residents who, through no fault of their own, have lost value in their property

Personal Experience.

In April of 2011, my car was rear-ended while my wife and I were stopped at a YIELD SIGN. The Connecticut State Police ticketed the other driver and Progressive Insurance (the other driver's insurance company) assumed 100% of the liability. The \$7123 repair included substantial body work, painting, and a welded "frame" (unibody) segment replacement.

As a result much of my 2007 Toyota's retail market value has been lost, mostly due to its repaired frame. Toyota, disqualifies all vehicles with repaired frames from its Certified Pre-owned Warranty Programs, and Toyota Certified Used Cars are always more valuable than those without certification. My car, however, no longer qualifies even though prior to the accident, it had less than 26,000 miles and was in near-perfect condition inside and out.

Since many consumers will not even consider a vehicle such as mine with substantial body and frame damage, receiving reasonable trade-in value is no longer possible. Every car Sales Agreement includes the requirement that a car buyer warrant (guarantee) his/her trade does NOT have a welded frame. Since consumers are reluctant to purchase frame-damaged used cars, and with the potential for ongoing liability, new car dealers will not knowingly put a car with a repaired frame on their used car lot.

In May of 2011, I filed a documented claim for my car's diminished value with Progressive. My claim and all follow-up requests, were dismissed without even a good-faith appraisal of my car's lost market value. My telephone conversation of April 20, 2011 with the Progressive claims representative summed up the Company's position. "Connecticut does not require Progressive to consider diminished value claims and therefore Progressive does not. While some states do require consideration of diminished value claims, Connecticut is not one of them."

These responses mischaracterize the facts concerning diminution of value and completely mischaracterize Connecticut's case law. They confuse the contractual obligations of a 1<sup>st</sup> party claimant as a policy holder, with the right of a 3<sup>rd</sup> party to be made whole. Contractual constraints that may apply to a Progressive policy holder do not apply to me as the individual who has been harmed by the negligence of a Progressive policy holder.

Diminution of Value (a.k.a. Diminished Value).

I have come to understand that "Diminution of value" is the loss in retail market value due to the fact that no informed consumer will pay the same for a damaged and repaired vehicle as for that same, undamaged vehicle, regardless of how well it was repaired.

In this context, diminution of value is calculated by:

- Taking a vehicle's retail market value at the instant just before an accident; and
- Subtracting its retail market value after that accident
- It assumes that vehicle has been well-repaired.

Diminution of value does not concern the quality of repairs, because this is clearly the responsibility of the collision shop, chosen by the claimant and paid for by the insurance company.

To be fully effective the statute should require the insurer of the at-fault driver to:

- Inform, in writing, affected 3<sup>rd</sup> parties that they may be entitled to diminished value compensation.
- Provide for an independent written loss appraisal in response to a 3<sup>rd</sup> party claim.
- Provide full and fair compensation to the claimant within 30 days.
- Not require the sale of the vehicle as a pre-condition for settlement.

Conclusion.

The denial of compensation for diminished value losses has placed an unfair financial burden on Connecticut residents for many years. Senate Bill 203 will, at long last, require Connecticut's insurance companies to reimburse innocent victims for the loss of value in their vehicles..

Thank you for your consideration of my testimony.