Bulletin 91-3

Minimum settlement amount which may be offered in adjustments of hail claims on vehicles

July 15, 1991

This bulletin is being issued to clarify the 1986 directive issued by the Division of Insurance concerning the adjustment formula to be used in determining hail damage claim settlements for unrepaired, damaged vehicles. Adjustments of hail claims to vehicles that take into account depreciation or difference in value will be acceptable. Adjustment may be calculated by using the formula on unrepaired, damaged vehicles.

(Estimate) — (50% labor) — (sales tax) = depreciation or difference in value

This is to be interpreted as the *minimum* amount of settlement on an unrepaired damaged vehicle claim. Companies may offer settlement over and above what the Bulletin provides for. The insured is not obligated to accept the minimum amount.

No reduction in payment will be permitted for the portion of damage that is repaired. Likewise, no reduction in payment will be permitted if all the damages are repaired. If the damages are repaired within a reasonable time period after the adjustment, the difference between the total estimate and the amount previously paid must be paid. The formula is not intended for unrepaired vehicles which are damaged due to perils other than hail. These claims must be adjusted on a case-by-case basis.

The provisions of this Bulletin are effective immediately.

Mary Jane Cleary
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