

April 1, 1977

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 5 (1977)

TO: ALL LICENSED WRITERS OF AUTOMOBILE INSURANCE IN THE STATE OF NEW YORK

RE: DEDUCTION OF DEALER PREPARATION COSTS - REGULATION 64 (11 NYCRR 216)

It has recently come to the attention of the Insurance Department that the publishers of the valuation manuals, which insurers are required to employ in the valuation of automobile total loss claims, have included in the retail valuation figures listed therein factors to approximate dealer preparation costs required to put used automobiles into resale condition.

In view of the foregoing, the retail values do not reflect the actual cash values of the automobiles listed therein; the values, due to the inclusion of dealer preparation cost factors, are in excess of the actual cash value of said automobiles at the date of loss.

In order to continue to use the valuation manuals, and recognizing the need to retain the specificity which the manuals produce, the following dealer preparation deduction, shall be permitted in computing automobile total loss settlement values pursuant to Section 216.7(c)(1)(i) of Regulation 64 (11 NYCRR 216.7(c)(1)(i)):

A deduction equal to the value of dealer preparation costs necessary to bring the totaled vehicle to a resalable condition, subject to a fifty dollar limit in the aggregate. All items included in the dealer preparation deduction must be itemized in the insurer's claim file.

Very truly yours,

[SIGNATURE]

Thomas A. Harnett

Superintendent of Insurance