



STATE OF NEW YORK
INSURANCE DEPARTMENT
160 WEST BROADWAY
NEW YORK, NEW YORK 10013

Circular Letter No. 8 (1996)
June 13, 1996

TO: All Licensed Automobile Physical Damage Carriers
RE: 5th Amendment to Regulation 64

This Department has received many inquiries regarding the permissibility of an insurance company deducting dealer preparation charges when adjusting total losses.

A deduction for dealer preparation is permitted only when an insurer elects to make a cash settlement of a total loss in accordance with Regulation 64 Part 216.7(c)(1)(i) [retail values from valuation manuals] or Part 216.7(c)(1)(v) [determined retail value by the best available method] of this regulation.

If it is discovered that an insurer has not paid claims in accordance with the regulation it may be subject to disciplinary action by this Department.

Any questions regarding this circular letter should be directed to: Mr. Barry Bistreich (212) 602-0510.

Please acknowledge receipt of this circular letter to:

Mr. Barry Bistreich
Associate Examiner
New York State Insurance Department
160 West Broadway
New York, NY 10013-3383