

**Directive No. 18**

**AUTOMOBILE TOTAL LOSS SETTLEMENTS**

January 10, 1974

It has come to my attention that certain insurance companies writing vehicle insurance are adjusting automobile total losses solely on the basis of values published by trade organizations. Further, certain adjusters have represented to claimants and insureds that the so-called "Blue Books" are the final arbiter of values of used cars.

Under Louisiana law and the automobile policy contract, the measure of damages where the amount of damages exceeds the value of the automobile is the value of the automobile at the time of loss. While published values of used cars may be a helpful tool in determining a settlement value, the automobile insurance company is obligated to determine the actual value of the particular car involved in the loss. Average values do not apply to particular cases. The ultimate answer must be determined by the actual market value of the particular automobile involved in the area where it is garaged. Where a dispute arises over the value of the automobile, the company must use all available sources of information over and above the published values to attempt to determine the actual market value.

All companies are hereby directed to comply with the above directive and shall advise all of their claim personnel and independent adjusters to report the details of the determination of the actual cash value of automobile total loss settlements.

Sherman A. Bernard  
COMMISSIONER OF INSURANCE