

DIRECTIVE
NO. 01-P&C-1

DATE: DECEMBER 7, 2001

TO: ALL PROPERTY AND CASUALTY INSURERS LICENSED TO CONDUCT BUSINESS IN
THE STATE OF GEORGIA

FROM: JOHN W. OXENDINE
COMMISSIONER OF INSURANCE

RE: DIMINUTION OF VALUE – FIRST PARTY PHYSICAL DAMAGE CLAIMS

On November 28, 2001, the Georgia Supreme Court issued a ruling in the case of State Farm Mutual Automobile Insurance Company v. Mabry et al. (S01A0982).

This ruling states that physical damage resulting from a covered event can reduce the value of a vehicle, even if repairs return it to pre-loss condition in terms of appearance and function. The Court determined that the insurer involved in the case is obligated to assess diminution of value "...along with the elements of physical damage when a policyholder make a general claim of loss."

You are hereby directed to review this case and adjust claims accordingly, including assessment and payment of diminution of value relative to physical damage. Policyholders should be reimbursed consistent with the Court's holdings and applicable language contained in the relevant policies issued by your company.

Any insurer not complying with the spirit of the above-cited case will be subject to appropriate disciplinary action.

Any questions concerning this Directive should be addressed to Mr. Greg Hawkins, Director, Property and Casualty Division, Office of Commissioner of Insurance, 916 West Tower, Floyd Building, #2 Martin Luther King, Jr. Drive, Atlanta, Georgia 30334, 404-656-6876.

JOHN W. OXENDINE
COMMISSIONER OF INSURANCE

NOTE: If you are an individual with a disability and wish to acquire this document in an alternative format, please contact the ADA Coordinator; Office of Commissioner of Insurance; 2 Martin Luther King Jr. Drive, Atlanta, GA 30334. Telephone No. (404) 656-2056, for the hearing or speech impaired TTY/TDD (404) 656-4031.