



NEWS RELEASE

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OXENDINE: NO FORMULA FOR DIMINISHED VALUE

Atlanta – Insurance Commissioner John W. Oxendine issued a directive today informing automobile insurance companies licensed to conduct business in Georgia about the proper handling of diminished value claims.

Oxendine ordered all auto insurance companies to cease using any language that implies that the Georgia Insurance Department has endorsed or approved a particular formula for determining diminution of value in physical damage automobile claims.

Diminished value refers to the loss of value in a vehicle that has been damaged and repaired. The Commissioner issued a previous directive in 2001 regarding the Georgia Supreme Court ruling that set precedent for diminished value claims.

Now the Commissioner wants to be sure that companies understand there is no single formula for determining the amount of diminished value to be paid in a particular claim.

“There seems to be some misunderstanding in the industry that a particular formula exists for diminished value,” Oxendine said. “I want to clarify the matter by reminding insurers that my office has never issued any regulation requiring the use of a specific formula for determining diminished value, so each claim should be evaluated on its own merits.”

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