

600 Automobile Insurance

604 Salvage and Subrogation [Formerly Regulation 22]

Dated July 28, 1976

Due to the difficulty in ascertaining the value of items received as salvage on losses (whether paid or unpaid) and determining the amount which might be recovered by subrogation on losses (whether paid or unpaid), insurance companies incorporated under the laws of this State and foreign and alien companies licensed to do business in this State shall not take credit in any annual statement or interim statement filed with this Department for salvage or subrogation recoveries until such recoveries shall have been reduced to cash or its equivalent. Salvage or subrogation recoveries reduced to cash or its equivalent shall be accounted for as an offset to losses paid, in accordance with existing practices.

Our position is in consonance with that espoused by the National Association of Insurance Commissioners (NAIC) as evidenced in their instructions to the Annual Convention Blank Form. This has been incorporated by reference in the Delaware Insurance Code, which requires that every insurance company doing business in this State must file a statement, under oath, similar to the Annual Convention Blank Form adopted by the NAIC. The instructions for completion of the required statement provide in effect that a company is to make no deductions for anticipated salvage or subrogation.

Therefore, insurance companies incorporated under the laws of this State and foreign and alien companies licensed to do business in this State shall not report assets for salvage or subrogation recoveries in any annual statement or interim statement filed with this Department until such recoveries shall have been reduced to cash or its equivalent.

John F. Richardson, Insurance Commissioner