STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37219

NED McWHERTER
GOVERNOR

ELAINE A. McREYNOLDS
COMMISSIONER

B U L L E T I N

TO: All Authorized Property and Casualty Insurers

FR: Elaine A. McReynolds, Commissioner
Department of Commerce and Insurance EAM

RE: Abandonment of Automobile Salvage

DA: September 1, 1988

It has been brought to the attention of the Tennessee Department of Commerce and Insurance that some insurers are abandoning automobiles, on which they afford coverage, to the operators of towing services or salvage yards after the vehicles have been involved in a total loss and have been towed from the scene of the accident. The towing service or salvage yard is then left to its own resources to collect for the costs incurred where these same insurers do not provide assistance in obtaining a valid and marketable title to the salvage or pay for the towing services or storage.

An insured is required by the terms of his personal auto policy to take reasonable steps following an accident to protect the covered auto and its equipment from further loss. The insurer is obligated under the terms of the personal auto policy to pay reasonable expenses incurred to do so. The practices described in the preceding paragraph violate these policy provisions.

It is the Department's position that insurers have a contractual obligation on first party claims to pay reasonable automobile towing and storage fees, and to assist the towing and salvage companies in obtaining a valid title to the auto if the salvage value of the vehicle is offered and accepted as payment for these fees. Automobile towing and salvage companies have a corresponding obligation to notify insurers as soon as possible of the accrual of storage charges on their insureds' automobiles. If the abandonment of automobile salvage continues to be a problem, the Department will consider taking action pursuant to the Unfair Trade Practices Act, T.C.A. Section 56-8-104(8).

EAM/cmf