

NOTE

**This Bulletin was amended effective July 7, 2011.
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Department of Business Regulation

Insurance Division

**1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920**

Insurance Bulletin Number 2011-4

Total Loss Vehicles – Gross Receipt Tax

Insurers are hereby notified that included in the Rhode Island State Budget Bill ([H5894A](#)) is an amendment to R.I. Gen. Laws § 42-18-30(23). If the bill passes it will be effective July 1, 2011. The proposed change to R.I. Gen. Laws § 42-18-30(23) will remove the current exemption from sales tax of proceeds applicable to total loss motor vehicles received as a result of an insurance claim.

As a result, if this amendment is enacted, consumers who suffer a total loss will have to pay sales tax on the full value of replacement vehicles. Therefore, in order to fully compensate for the loss to the consumer, the insurer must include sales tax in its calculation of settlement value in any total loss claim. Insurers that do not currently include sales tax in total loss settlements should be prepared to alter that position if the amendment to R.I. Gen. Laws § 42-18-30(23) is enacted.

Joseph Torti III
Superintendent of Insurance
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