

**NOTE**

**This Bulletin was amended effective August 3, 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, (2011 P.L. ch.151), is an amendment to R.I. Gen. Laws § 44-18-30(23). The amendment is effective on October 1, 2011. The change to R.I. Gen. Laws § 44-18-30(23), which is included in [Article 19, section 24](#), 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, 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 alter its position to comply with the October 1, 2011 amendment to R.I. Gen. Laws § 44-18-30(23).

The Insurance Division will be working to address implementation issues between now and October 1, 2011, and will amend this bulletin accordingly. Please direct any questions you have about the change in statute to [paula\\_palozzi@dbr.ri.gov](mailto:paula_palozzi@dbr.ri.gov).

Joseph Torti III  
Superintendent of Insurance  
July 7, 2011

Original enactment: June 27, 2011  
Amendment: July 7, 2011