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## VERMONT DEPARTMENT OF FINANCIAL REGULATION

### DIVISION OF INSURANCE

#### Insurance Bulletin No. 206

### VIRTUAL ADJUSTMENT OF VEHICLE PARTIAL AND TOTAL LOSS CLAIMS

The Vermont Insurance Division has recently seen an increase in the use of “virtual claims adjustment systems” that require the insured or the insured’s body shop to submit photographs or videos to the insurer in lieu of having a claims adjuster assess the damage to an automobile in person. At the same time, the Division has seen a rise in consumer complaints alleging that the virtual adjustment process has unreasonably delayed the settlement of vehicle damage claims or resulted in inadequate settlement offers.

The purpose of this Bulletin is to clarify the Division’s position regarding the use of virtual adjusting in the settlement of motor vehicle partial and total loss claims.

Section 4724(9)(D) of Title 8 V.S.A. makes it an unfair claim settlement practice for an insurer to fail to conduct “a reasonable investigation based upon all available evidence.” Section 4724(9)(F) of Title 8 requires insurers to make “prompt, fair, and equitable settlements of claims in which liability has become reasonably clear.” While virtual claims adjustment systems may, in some situations, help settle claims more quickly and reduce costs for the insurer, there is compelling evidence that photographs and videos do not always reveal the true extent of the damage a vehicle has sustained.

For this reason, it is the Department’s position that insurers must provide an in-person inspection of a damaged vehicle by a licensed adjuster within a reasonable period of time if requested by a claimant. Insurers may not deny a claimant’s request for an in-person inspection by an adjuster on the grounds that the claimant initially elected to use a virtual adjustment system. Unreasonable delays in making an adjuster available for an in-person inspection may, in appropriate circumstances, be considered a violation of Section 4724(9)(F)’s obligation to effectuate prompt settlements of claims in which liability has become reasonably clear.



Auto insurers are also reminded that, in adjusting total losses, costs such as vehicle reconditioning and tune-up may not be deducted from a settlement offer unless “such deductions are justified and detailed as a result of an *actual* inspection by [a] licensed adjuster or appraiser.” See Department Regulation 1-79-2, Section 8(B)(2)(d) (emphasis added). It is the Department’s position that the words “actual inspection” require an in-person inspection by an adjuster or appraiser rather than the use of virtual evidence such as photographs or videos.

Inquiries concerning this bulletin should be directed to Christina Rouleau, Director of Market Regulation, at (802) 828-2910.



Michael Pieciak, Commissioner

12/4/19

Date