DFR Division of Financial Regulation
Department of Consumer and Business Services
350 Winter St. NE, Rm 410, PO Box 14480, Salem, OR 97309 503-947-7694 dfr.oregon.gov

Oregon Department of Consumer and Business Services Division of Financial Regulation, Bulletin No. DFR 2026-10

To: All Property and Casualty Insurers

Date: November 4, 2026

Re: Unfair Claim Settlement Practices Related to the Use of Virtual Claim Adjustment Systems and Mobile Applications

Purpose

This bulletin provides guidance for those carriers that write auto and homeowners/dwelling coverage that use virtual claim adjustment systems on how to avoid unfair claim settlement practices. The bulletin also details the limited circumstances in which an insurer may require the use of a mobile application to submit a claim.

This bulletin replaces Bulletin No. DFR 2020-4 issued February 18, 2020, which addressed auto claims handling. The scope has been broadened with DFR 2026-10 to apply to auto, homeowners, and dwelling property lines.

Authority

- ORS 731.988
- ORS 746.110
- ORS 746.230

Background

Virtual claim adjustment systems direct the insured to submit photos, videos, or other information online in lieu of having a claims adjuster assess the damage to an automobile, home, or rental unit in person. In some situations, virtual claim adjustment systems can help settle claims more quickly and reduce costs for the insurer.

However, the Division of Financial Regulation (DFR) has received complaints from consumers about potential unfair claim settlement practices in connection with the use of virtual claim adjusting systems by insurers.

Consumers have reported that some insurers are providing misleading information regarding inspections and limiting the availability of in-person adjusters. Some insurers have stated that claim payments would be substantially delayed unless a virtual claim adjustment system is used. In some instances, once an individual initiates a claim via a virtual claim adjustment system, insurers have refused a subsequent request for an in-person adjuster.

Consumers have reported that some insurers are failing to conduct reasonable investigations when a loss occurs and are systematically making initial claim settlement offers that are substantially lower than the actual cost of repair. In some instances, insurers are failing to adequately respond when the consumer presents evidence that the initial offer was inadequate or refusing to send an in-person adjuster in a timely manner when an in-person investigation is needed.

DFR has also received consumer complaints about policies and practices regarding the required use of an insurer's mobile application. Some insurers require that both policyholders and third-party claimants download and use the insurer's mobile application as a precondition to adjusting and paying claims.

The Insurance Code requires that all insurers:

- Conduct a reasonable investigation based on all available information;[1]
- Acknowledge and act promptly upon communications relating to claims;[2]
- Promptly and equitably settle claims in good faith;[3] and
- Adopt and implement reasonable standards for the prompt investigation of claims.[4]

The Insurance Code prohibits insurers from:

- Making false, deceptive, or misleading statements;[5] and
- Engaging in a general business practice of refusing to pay or settle claims without just cause, as evidenced by a substantial increase in consumer complaints.[6]

Commissioner's Expectations for Insurers

Insurers may use virtual claim adjustment systems as long as they comply with requirements under the Insurance Code for prompt and equitable claim settlement. It is the insurer's responsibility to ensure that claims are investigated and adjusted appropriately in accordance with Oregon law. It is an unfair claims settlement practice and a violation of ORS 746.230 for an insurer to refuse to pay claims without conducting

[1] See ORS 746.230(1)(d)
[2] See ORS 746.230(1)(b)
[3] See ORS 746.230(1)(f)
[4] See ORS 746.230(1)(c)
[5] See ORS 746.110
[6] See ORS 746.230(2)
[7] See ORS 731.988

a reasonable investigation based on all available information, including information that may only be available upon in-person inspection. If a claim is not settled appropriately due to an insurer's failure to provide for in-person inspection by an insurance adjuster, that failure constitutes a violation of ORS 746.230. Adjusters need to be licensed with the division or be an employee of the insurance company. Insurers may not deny the claimant's request for an in-person adjuster because a claimant initially elected to use a virtual system.

Insurers have an affirmative duty to have adequate systems in place to promptly conduct adequate investigations in order to make good faith, equitable claim settlement offers and payments. It is an unfair claim settlement practice, in violation of ORS 746.230, to systematically make initial settlement offers that are substantially lower than the cost of making covered repairs and to rely on the insureds to dispute the initial offers.

An insurer may require policyholders to submit claims through a mobile application only if that requirement is disclosed at application and stated in the policy. Insurers may not require third-party claimants to use their mobile applications to submit claims.

An insurer that fails to implement systems to conduct timely and adequate investigations to make good faith, equitable claim settlement offers and payments is in violation of the Insurance Code and may face up to $10,000 in civil penalties per violation.[7]

This bulletin takes effect immediately.

T. K. Keen

TK Keen, Administrator
Insurance Commissioner
Division of Financial Regulation
Department of Consumer and Business Services

11/4/2026
Date

[1] See ORS 746.230(1)(d)
[2] See ORS 746.230(1)(b)
[3] See ORS 746.230(1)(f)
[4] See ORS 746.230(1)(c)
[5] See ORS 746.110
[6] See ORS 746.230(2)
[7] See ORS 731.988