

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

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TO: All Auto, Homeowners, and Dwelling Fire Insurers

DATE: May xx, 2026

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

PURPOSE

This bulletin provides guidance to auto and homeowners/dwelling insurers that use virtual claim adjustment systems on how to avoid unfair claim settlement practices. The bulletin also clarifies when an insurer may require the use of a mobile application to submit a claim.

Note: 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-X to apply to auto, homeowners, and dwelling fire* lines.

*A dwelling fire policy is a property insurance policy designed for homes that are not occupied by the owner, such as rental properties, vacation homes, or vacant houses.

AUTHORITY

- ORS 731.244
- 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. In other situations, drones may be used to assess damage to roofs and structures without an in-person inspection by an adjuster.

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 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 significantly 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 a human 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

DIRECTORS 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. Insurers must provide an in-person adjuster in a reasonable amount of time when requested by the claimant. Hiring a third-party to merely take pictures does not constitute having an in-person adjuster for the purposes of this bulletin. Adjusters need to be licensed with the division or work for 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.

Insurers may require that policyholders submit claims via a mobile application if such a requirement is disclosed to the consumers when they apply for coverage and 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

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

This bulletin takes effect immediately.

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

Date