

State Corporation Commission

2001 Fiscal Impact Statement

1. **Bill Number** HB2657

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron** Cranwell

3. **Committee** Corporations, Insurance and Banking

4. **Title** Insurance; unfair claim settlement practices in appraisals.

5. **Summary/Purpose:** Modifies § 38.2-510 pertaining to unfair claim settlement practices to prohibit persons settling insurance claims from giving an adjuster or appraiser any gratuity or other consideration in connection with his/her appraisal service. Also prohibits persons from appraising the cost of repairing an automobile that has been damaged as a result of a collision through the use of photographs, telephone calls or any manner other than by personal inspection.

6. **No Fiscal Impact**

7. **Budget amendment necessary:** No

8. **Fiscal implications:** None

9. **Specific agency or political subdivisions affected:** State Corporation Commission
Bureau of Insurance

10. **Technical amendment necessary:** No

11. **Other comments:** House Bill 2657 prohibits the insurance companies from paying any gratuity or other consideration to its adjusters as well as independent adjusters they hire. In other words, they cannot pay their employees or adjusters with whom they contract. Minor claims for physical damage to automobiles are usually paid without an adjuster inspecting the vehicle. In rural areas, it may be much quicker and more convenient for the policyholder, claimant, etc. to provide several estimates than to wait for an adjuster to personally inspect the damaged vehicle. By requiring an adjuster to personally inspect every vehicle, the provisions of House Bill 2657 may inadvertently serve to delay the claims process. For example, if a body shop has an adjuster's original estimate and finds additional, hidden damage, the body shop typically calls the adjuster and, if minor, the adjuster may authorize additional repair work without delaying further repairs until the adjuster can inspect the vehicle. The provisions of House Bill 2657 would apparently require a suspension on all work on the damaged vehicle until the adjuster personally inspects the additional damage. Currently, Virginia ranks 43rd among the states on cost of automobile insurance, with 1st being the highest ranking.

Date: January 24, 2001

Analyst: Van Tompkins (804) 371-9802

PDF Created 1/25/2001 2:35:52 PM