

## [Insurance Consumer Rights in Vermont \(2022\)](#)

Insurance policies are contracts and legal rules come into play when you file an insurance claim. You are “the insured” and your insurance company is “the insurer.” Understanding how your insurer should handle your claim and what your rights are will help you navigate the process, be your own best advocate and collect all available policy benefits to cover your losses.

After disasters, it’s common for an insurer to rotate adjusters, which means you will have to work with multiple adjusters before your claim is resolved. Knowing your legal rights will make it easier for you deal with rotating adjusters and keep your claim on track toward a fair and full claim settlement without unreasonable delays.

Your insurance company and its employees are required to be fair and reasonable and follow state laws and regulations. They must do a timely, thorough and unbiased investigation and assessment of your loss(es) and claim. They must work with you to adjust your claim and pay what they owe in a timely and fair manner and in full compliance with the policy contract and applicable laws.

Insurance company claim adjusters are supposed to be trained on your state’s laws and claim handling regulations, but it’s often up to you to make sure they’re valuing your losses fairly, offering all benefits you’re entitled to, and following the regulations and laws in your state.

Use the guidance and sample letters you’ll find on United Policyholders’ website ([uphelp.org](http://uphelp.org)) to “speak UP” and collect all benefits you’re entitled to under the policy you paid for.

The information included here will give you a basic understanding of how the claim process should go and the legal rights that give you leverage to get a fair outcome. Here are the places where your rights as an insurance consumer are spelled out:

-Vermont Statutes

[Title 8 Banking and Insurance](#)

[Chapter 129 Insurance Trade Practices](#)

## [§4724 Unfair or deceptive acts or practices defined](#)

- Vermont Administrative Code

[Agency 21, Subagency 020 INSURANCE](#)

[Section 21-020-008 — FAIR CLAIMS PRACTICES](#)

Section 5. Notification Time Requirements

Section 6. Time Limit for Claim Settlements

Section 7. Standards for Fair & Equitable Settlements

Section 8. Standards for Settlements of Property Claims

- Notices and bulletins issued by the [Vermont Department of Financial Regulation](#).

### **Claim Communications**

UP strongly recommends keeping a daily claim journal. As often as possible, jot down the date, time, and details of conversations, issues, problems and agreements with the adjuster assigned to your claim and other professionals such as contractors, government agencies, etc.

Also, we strongly recommend communicating in writing with insurance company representatives so there is a clear paper trail of how your claim is being handled. These days many communications will be via email, so make sure to save those emails where you can find them. After in-person or phone conversations with insurance company representative you should send short follow-up emails or letters summarizing what was said or agreed to. Document that you're cooperating fully with the insurer. This will prevent them from blaming you for delays and confirm that you're holding up your end of the bargain.

Check out our "Speak UP" tips on being politely assertive, organized and avoiding delays and misunderstandings. (<https://www.uphelp.org/pubs/speak-how-communicate-your-insurance-company>).

### **Time Frames and Deadlines**

Below are timeframes and deadlines to be aware of. After a disaster, deadlines can become unrealistic due to shortages of available inspection, clean up and construction professionals. Speak UP! Document

the contractors or service providers you called, who you spoke with, and what they told you in your claim journal. Sometimes following a natural disaster more work exists than skilled labor can support and it is important to document that you kept trying to find someone to help protect your property following a loss.

#### Processing your claim

**10 Business Days** - Your insurer or its agent who has claim adjusting authority shall mail or orally acknowledge receipt of the claim notice directly to you, **within ten (10) business days**. If the acknowledgment is made orally, notation of the acknowledgment shall be recorded in the insurer's record or file. Notification given to an agent of an insurer shall be notification to the insurer. [21-008 Code Vt. R. 21-020-008- Sec. 5\(A\)](#)

#### Communicating information to you

**10 Business Days** - Your insurer must appropriately reply in writing or orally reply within 10 business days to any questions you might raise about your claim. More specifically, An insurer shall make appropriate written or oral reply within ten (10) business days to any communication from claimant which specifically addresses itself to questions raised by claimant. [21-008 Code Vt. R. 21-020-008- Sec. 5\(B\)](#)

#### Investigating your claim

**15 or 30 Business Days** - If you are a first party claimant your insurer has 15 business days to finalize an investigation. If you are third party claimant, the insurer has 30 business days to finalize an investigation. However if these deadlines cannot be met the insurance can extend them by appropriately notifying you. [21-008 Code Vt. R. 21-020-008- Sec. 6\(C\)](#)

#### Paying or denying your claim

**15 Business Days** - Within fifteen (15) business days after receipt by the insurer of properly executed proofs of loss, the first party claimant shall be advised of the acceptance or denial of the claim by the insurer. No insurer shall deny a claim on the grounds of a specific policy provision, condition, or exclusion unless reference to such provision, condition, or exclusion is included in the denial. The denial must be

given to the claimant in writing and the claim file of the insurer shall contain a copy of the denial. [21-008 Code Vt. R. 21-020-008- Sec. 6\(A\)](#)

**More time** – If the insurer needs more time to determine whether a first party claim should be accepted or denied, it shall so notify the first party claimant within fifteen (15) business days after receipt of the proofs of loss giving the reasons more time is needed. Claims governed by 8 V.S.A § 3868 are not subject to this subsection. If the insurer needs more time to determine whether a third party claim should be accepted or denied, it shall so notify the third party claimant within thirty (30) business days after receipt of notice of claim giving the reasons more time is needed. If the investigation remains incomplete, the insurer shall, thirty (30) business days from the date of the initial notification and every thirty (30) business days thereafter, send to such claimant a letter setting forth the reasons additional time is needed for investigation. [21-008 Code Vt. R. 21-020-008- Sec. 6\(C\)](#)

### Preserving your right to sue if necessary

There is typically a deadline in your insurance policy for filing a lawsuit related to a claim. Check your policy for a “suit against us” provision, or similarly worded provision, to find that deadline. It’s typically 12 months from the date of loss or the date your insurer closes your claim. However, the laws in your state that apply to lawsuit deadlines may extend the period stated in your policy, so it’s best to check with an experienced Vermont state attorney to avoid losing your legal rights and the leverage those rights give you to get a fair payout on a claim.

Vermont’s statute of limitations states **claims sounding in contract must be brought within six years**. [12 V.S.A. §511](#). All claims for personal injury and property damage must be brought in three years. [12 V.S.A. §511](#). This state has adopted a “discovery rule” which states that the statute of limitations does not begin to run until the claimant discovers, or reasonably should have discovered, the existence of the cause of action. In Vermont, a cause of action accrues upon (a) the discovery of facts satisfying the basis of a cause of action or (b) the existence of facts sufficient to put a person of ordinary intellect and prudence on inquiry which, if pursued, would lead to the discovery of such facts. *Galfetti v. Berg, Carmolli & Kent Real Estate Corp.*, 756 A.2d 1229, 1231 (Vt. 2000).

### **Unfair Claim Practices**

Your insurer is prohibited from using unfair claim practices and/or treating you badly during the claim process. These practices are set out in the Vermont Statutes and in the Vermont Administrative Code. Vermont has adopted the [Insurance Trade Practice Act](#). The following are a few examples listed in [8 V.S.A. § 4724](#). Specific, **Unfair claim settlement practices defined:**

The following are hereby defined as unfair methods of competition or unfair or deceptive acts or practices in the business of insurance:

(9) Unfair claim settlement practices. Committing or performing with such frequency as to indicate a business practice any of the following:

(A) misrepresenting pertinent facts or insurance policy provisions relating to coverage at issue;

(B) failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies;

(C) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;

(D) refusing to pay claims without conducting a reasonable investigation based upon all available information;

(E) failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(F) not attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear;

(G) attempting to settle a claim for less than the amount to which a reasonable person would have believed he or she was entitled by reference to written or printed advertising material accompanying or made a part of the application;

(H) attempting to settle claims on the basis of an application which was altered without notice to, or knowledge or consent of the insured;

(I) making claim payments to insureds or beneficiaries not accompanied by a statement setting forth the coverage under which the payments are made;

(J) making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration;

(K) delaying the investigation or payment of claims by requiring an insured, claimant, or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information;

(L) failing to promptly settle claims where liability has become reasonably clear under one portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage;

(M) failing to promptly provide a reasonable explanation on the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

### **Remedies: Filing an official complaint with your State Insurance Agency**

The Vermont Department of Financial Regulation Insurance Division oversees how insurance companies operate in the state. They can impose penalties on your insurance company if they did not comply with the laws in your state that require insurers to handle claims fairly and in good faith.

Visit [uphelp.org](https://uphelp.org) and Insurance Resources for Vermont <https://uphelp.org/recovery/state-by-state-help/vermont/> for resources and tips on the process and strategy of filing a formal complaint.

You can call the Office of the Insurance Commissioner consumer hotline with any questions or complaints toll-free at 802-828-3302 or 800-964-1784, email insurance questions to [dfir.insuranceinfo@vermont.gov](mailto:dfir.insuranceinfo@vermont.gov), file a complaint online, by going to <https://dfir.vermont.gov/consumers/file-complaint> select “Insurance Complaint” for an online form. Their mailing address is:

Department of Financial Regulation

Consumer Services

89 Main Street,  
Montpelier, VT 05620-3101

### **Special rules that may be in place after a disaster**

Check the Vermont Department of Financial Regulation [website](#) regularly to find all rules, regulations or other updates they may have put out that are specific to the disaster.

[https://dfr.vermont.gov/view/regbul?tid=73&field\\_rb\\_type\\_value=All](https://dfr.vermont.gov/view/regbul?tid=73&field_rb_type_value=All)

After past disasters, special rules have been put into place such as:

- Requirements that insurers advance funds for temporary expenses instead of requiring you to incur and submit receipts.
- Requirements that insurers extend deadlines for submitting proofs of loss and other documents.
- Agreements with insurers that they will accept less detailed contents inventories.

### **Hiring Professional Help**

When you paid your premium, you paid for coverage *and* good claim service. In theory, you should not have to hire outside help to get what you already paid for. However, in reality, you may need to. You have the right to hire an attorney or public adjuster to help navigate your claim. However, we urge caution before agreeing to pay a portion of your insurance benefits to any professional, and before hiring anyone to speak for you or negotiate on your behalf with your insurance company. Only hire someone who has strong references and who is likely to add value to your claim and recover more funds more quickly than you'd be able to recover on your own.

**Attorneys** – If you hire an attorney to resolve an insurance claim dispute, try to hire them on a contingency (not hourly) fee basis and agree to advance litigation costs. Claim disputes are time-consuming, so it gets expensive fast when you pay by the hour. Ideally, arrange for one or two qualified attorneys to do an initial evaluation of your situation free of charge. Only hire one that has represented insurance consumers in claim disputes and is a member in good standing of the Vermont Bar. Visit our Vermont Professional Help Directory at: <https://uphelp.org/sponsor-location/vermont/>. We strongly

recommend reading our publication titled “Questions and Answers for Hiring an Attorney for an Insurance Claim” <https://www.uphelp.org/pubs/hiring-attorney-insurance-claim> before making this important decision.

**Public Adjusters** – A qualified public adjuster can value your losses, handle the day-to-day aspects of your claim and negotiate a settlement on your behalf. Generally speaking, if you hire a public adjuster, you agree to pay them a percentage of the insurance benefits they recover on your behalf – not an hourly fee. Vermont public adjusters can also be found by visiting: <https://uphelp.org/sponsor-location/vermont/>. We strongly recommend reading our publication titled “Questions to Ask Before Hiring a Public Adjuster” before making this important decision. <https://www.uphelp.org/pubs/questions-ask-hiring-public-adjuster>

### **Using the Legal System to get a Fair Settlement**

If you haven’t been able to get a fair insurance claim settlement on your own or with help from a professional and/or your state’s insurance oversight agency, filing a lawsuit is your next option. If your lawsuit is successful, you can recover what the insurer owed and (ideally) also get compensation for the expenses you incurred chasing the policy benefits you were entitled to in the first place. Your success in using the legal system to get a fair settlement will depend on the quality of the lawyer(s) you hire, the laws in your state and the facts in your case.

It’s common to worry that a lawsuit will be too time consuming or expensive (or both), but if you get the right lawyer and your case is strong, suing an insurer is often the best and only way to recover what you’re owed. Finding a qualified lawyer is essential. Insurance matters require specialized expertise and you need a strong advocate who speaks the language and has previous experience litigating against an insurance company.

Start in our [“Find Help”](#) section and click on your state to find professionals who specialize in representing policyholders and support United Policyholders. You’ll find many lawyers on the Internet that advertise as insurance specialists, and many of their websites have a chat window that pops up as soon as you visit their site. Speak directly to the lawyer who’d be handling your case and interview them about their insurance and litigation experience. Get and check client references. A lawsuit is a major undertaking but is often the best way to get full compensation, so be an astute consumer and choose



your attorney carefully.

The cost of hiring an attorney varies from firm to firm. The two main options are attorneys who charge by the hour and those who work on contingency. For most policyholders, hiring an attorney on a “contingency” fee basis is the only feasible way of doing battle with a well-funded insurance company. Hourly fees for lawyers vary according to firm size, experience of the attorney, and geographic location. While attorneys who work on contingency usually set their fee at 33% of the amount they recover on your behalf, that may increase to 40% if your case goes to trial. Most cases settle before trial. In some states you may not have the option of hiring an attorney on a contingency fee basis.

Using the legal system gives you leverage to get a better settlement and a lawsuit is a valuable tool. For more guidance on what to consider before suing your insurance company, read [Hiring an Attorney for an Insurance Claim](#) on [uphelp.org](http://uphelp.org)

### **Best Practices**

Visit and use UP’s [Disaster Recovery Help Library](#) to get information, about the recovery process, after a disaster occurs. Additionally, for best practices, follow these steps:

**Inventory and document your losses.** Take pictures of identifiable items before they’re removed for disposal or repairs before your lot gets cleared. Create detailed lists of damaged property. If your home was seriously damaged or completely destroyed, get at least one, ideally two, independent repair/replacement cost estimates.

**Cooperate with your insurer as best you can and keep a good paper trail.** If you are not able to stay in your home, make sure the company has an address and phone number where it can reach you.

**Be present for inspections.** It’s a good idea to be home when the adjuster and or others inspect your property. Feel free to ask your contractor to be there with you to explain his/her opinions and estimates to the insurance company’s representatives.

**Make only urgent/temporary repairs before filing a claim.** Your insurance company may deny your claim if you make permanent repairs before it inspects. If you’re not sure if your company considers a

repair to be permanent, ask your company (in writing) before starting any repair work. The cost of these repairs and for storing personal belongings is likely covered by your policy.

**Keep receipts.** Your insurer will usually require you to provide receipts before they'll reimburse you for expenses due to losing the use of all or part of your property. This is also true for collecting full replacement costs above depreciated/actual cash values. On our website you'll find a free expense spreadsheet to help you keep track.

**Speak UP.** Be politely assertive, communicate clearly, and set realistic goals during the claim process.