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From: **Marc McLaughlin** <Marc.McLaughlin@scc.virginia.gov>

Date: Tue, Feb 18, 2020 at 12:31 PM

Subject: VA Bureau of Insurance Complaint No. [REDACTED]

To: [REDACTED]

Cc: Holly Nuckols <Holly.Nuckols@scc.virginia.gov>

Dear Mr. [REDACTED],

Please let this email serve as a follow-up to our telephone conversation earlier today. As discussed, the Bureau of Insurance (Bureau) recently received responses from State Farm regarding your complaint. As promised, I have attached copies of the company's responses and the Bureau's letters for your review.

As you can see, State Farm maintains that based on its review and analysis, its estimate represents a reasonable cost for the necessary repairs to your vehicle. As you will also note, the company listed a number of specific discrepancies it has with your body shop over the necessity of certain repairs and the extent of repair required for other repairs. State Farm did point out that it is willing to revisit these issues with your body shop through the supplement process to determine if additional reasonable costs are warranted.

As indicated in its second response, State Farm has taken the position that the policy's "Appraisal" clause does not apply to "repair" claims, only to total loss claims. In accordance with our conversation, the Bureau disagrees with State Farm's position. Specifically, the Bureau believes that the "Appraisal" clause applies to both repair claims and total loss claims.

At this point, it would appear that you have three options available to you in an effort to resolve this matter. They are as follows:

1. If you would like to continue with the "Appraisal" process, the Bureau will gladly contact State Farm to instruct the company to commence with this process.
2. You can authorize your body shop to start the tear down and repairs, which would then facilitate a possible reinspection by State Farm to determine if additional repairs and costs are deemed necessary.
3. You can pursue this matter through Virginia's civil court system to determine what a court would award you in damages for the repairs to your vehicle. If an insured does not opt to use the policy's

"Appraisal" clause, the civil court system would have the authority to resolve damage disagreements between insurers and their policyholders.

Since you indicated that you would like to think about your options before possibly having the Bureau go back to State Farm to address the "Appraisal" process on your particular claim, we will hold your complaint open for the time being until we hear back from you. With that said, I would again remind you that as a regulatory agency, the Bureau does not have the authority to require State Farm to pay a specific amount on your claim. Furthermore, since Virginia law does not require insurers to use new OEM parts and repair estimates, the Bureau cannot force State Farm to do so on your claim. Our authority is generally limited to assisting with communication between the parties to a complaint, asking for and reviewing the details of the company's position, and evaluating the reasons given.

I look forward to hearing back from you. If you have additional questions in the interim, please feel free to contact me.

Sincerely,

Marc P. McLaughlin, Manager

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Property and Casualty Division

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