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Vermont Department of Financial Regulation

Division of Insurance  
Insurance Bulletin No. 175

Guidance Regarding the Application of Deductibles  
and Uninsured Motorist Property Damage (UMPD) Claims

The Department has received a number of consumer complaints about insurers incorrectly applying a deductible in an uninsured motorist property damage claim. This bulletin reminds insurers of the requirements of Vermont law regarding the use of deductibles in a UMPD claim.

Title 23 V.S.A. 941(a) sets forth the statutory requirements for insurance against uninsured motorists and provides in relevant part:

The coverage for property damages shall be sufficient to indemnify a claim for damages to which the claimant is legally entitled of no more than \$10,000.00 per claim, subject to a \$150.00 deductible; provided, however, to the extent that other direct damage coverage is valid and collectible:


(1) this deductible shall not apply to a claimant who is otherwise insured for direct damages to his or her motor vehicle, in which case:

(A) the coverage for property damages provided in this section shall be applied, without deductible, to pay the deductible of the other direct damage coverage; and

(B) the balance of the direct damage claim, if any, shall be covered by such other direct damages coverage to the extent of its limits;

(2) further, any other claim for property damages, not direct damages, to which the claimant is legally entitled, shall be paid by the coverage required by this section, without deductible, to the extent of the limits herein provided.

Under this law, a deductible of \$150.00 is permitted only if the claimant does not possess collision coverage under the claimant's vehicle insurance policy. However, if the claimant does have collision coverage for his or her motor vehicle the \$150.00 UMPD deductible may not be applied nor can any other deductible be applied, such as the claimant's collision deductible.

  
Susan L. Donegan, Commissioner

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