

# TEXAS

## AUTOMOTIVE™

### ABAT Hosts Record-Setting Texas Auto Body Trade Show



#### PLUS:

Todd Tracy on Airbags & ADAS  
Real Talk from Shops & OEMs  
“GAP on Top of GAP”



Robert is a recognized Public Insurance Adjuster and Certified Vehicle Value Expert specializing in motor vehicle-related insurance claim resolution. As the general manager of Auto Claim Specialists, Robert expertly leads this National Public Insurance Adjuster Agency, which is currently licensed in 11 different states and specializes in providing automotive-related claim liquidation techniques, strategies and motor vehicle valuation services to all parties, including individual consumers, body shops, auto dealers, repair facilities, towing and storage operations, lenders, finance companies, banks, legal professionals, governmental agencies and others. The firm's consistent success can be attributed to Robert's 35+ years of automotive industry knowledge, practical hands-on experience and multiple certifications, including licensure by the Texas Department of Insurance as a Public Insurance Adjuster. Auto Claim Specialists clients can absolutely trust that they will be provided with analytical, sophisticated, state-of-the-art, comprehensive, accurate, unbiased and up-to-date data and information that all parties can rely upon as both factual and objective. Robert can be reached at (800) 736-6816, (817) 756-5482 or [asktheexpert@autoclaimspecialists.com](mailto:asktheexpert@autoclaimspecialists.com).

## "GAP ON TOP OF GAP: HOW CAN THIS BE?"

Dear Mr. McDorman:

**Auto Claim Specialists has assisted many of our clients over the years with their total loss claims, inherent diminished value claims and various other policy-related issues. When we have a client who has a total loss, one of the first questions we ask is if they have GAP coverage. In the past, when the client informed us they had GAP, we didn't recommend you to them to review their proposed settlements. However, one of the clients we recently sent you with a 2018 Toyota Corolla later found out they had GAP, and you discovered that they would have had a lagging balance due to their lender even with that coverage. How can this be?**

Thank you for your question, and thank you for referring your clients to us. Yes, this is correct. In most cases, the GAP Addendum will not cover the full balance between the proposed insurance settlement and the payoff at the date of loss. In Texas, GAP products are addendums – not insurance policies. They are not regulated by the Texas Department of Insurance. In Texas, GAP Addendums are regulated and overseen by the Office of Consumer Credit. There are no standard GAP Addendums, and each has its own contract terms and conditions. Each of the GAP Addendums we have in our library has the contractual right to pass-through factored deductions arbitrarily taken by the carriers with no scientific methodology.

In reference to the client you referred – who, even with GAP, would have had a lagging balance due to their lender without our assistance – the client's carriers proposed total loss settlement was \$15,341.84 after applicable sales tax and minus the deductible. The payoff on the Corolla as of the date of loss was \$18,010.77. The difference between the payoff and the proposed settlement was \$2,668.93. We requested the client provide us with a copy of their GAP coverage before proceeding. Upon review of the client's GAP Addendum, the contract allowed

for pass-through deductions (such as projected sold adjustment, condition adjustments, prior damage and mileage) from the carrier's settlement. The loss settlement valuing tool used by this client's carrier deducted \$156.27 for a condition adjustment and \$554.60 for a projected sold adjustment. The pass-through deductions for this client totaled \$710.87. If the client had accepted this settlement after the GAP benefit, they would have been left with a \$710.87 lagging balance to their lender. At this point, it became necessary to analyze the proposed loss settlement.

We sent the client's proposed loss settlement to our subsidiary, Vehicle Value Experts, to review. After reviewing, Vehicle Value Experts issued a fair settlement range between \$18,200 and \$18,700. This settlement range would make the client whole. After discussing the volatile situation with the client, the client retained Auto Claim Specialists as their public insurance adjuster agency and Vehicle Value Experts as their independent third-party appraiser. The client invoked their right of appraisal in a contest of the loss settlement.

The carriers' independent third-party appraiser and Vehicle Value Experts agreed on a loss settlement of \$18,626.91 after applicable sales tax and minus the deductible. The revised settlement represented a \$3,285.07 (or 21.4 percent) increase. The client was able to alleviate the potential \$710.87 lagging balance and made whole by receiving \$616.14 back from their equity in the Corolla.

In today's world of motor vehicle insurance policies, claim management, frequent changes in insurance carrier claim handling policies and various GAP Addendums, there are many variables that could affect the resolution of the claim. Over the years, we have found it is always in the best interest of the insured or claimant to have their proposed insurance settlement reviewed prior to accepting. There is never an upfront fee for Auto Claim Specialists to review a motor vehicle claim or proposed settlement and offer our professional opinion as to fairness of the settlement.

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## Ask the Expert *continued from pg 11*

The appraisal process in most policies will allow the insured the relief needed to ensure they are made whole. The appraisal process in most policies grants the insured the right to remove the inexperienced claim handler's ability to mismanage the claim and place it in the hands of experienced professionals to adequately manage the loss.

The spirit of the **Appraisal Clause** is to resolve loss disputes fairly and in a timely and cost-effective manner. Through the **Appraisal Clause**, loss disputes can be resolved relatively quickly, economically, equitably and amicably by unbiased experienced independent third-party appraisers when compared to mediation, arbitration and litigation.

Please call me should you have any questions relating to the policy or covered loss. We have most insurance policies and GAP Addendums in our library. Always keep in mind that a safe repair is a quality repair, and quality equates to value. I thank you for your questions and look forward to any follow-up questions that may arise.

Sincerely,  
**Robert L. McDorman TXA**

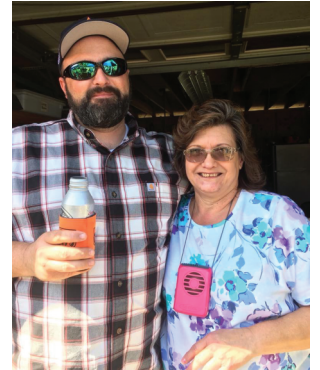
## In Memoriam: Billie Jean "BJ" Mullins

*Texas Automotive* is sad to share the news that Billie Jean "BJ" Mullins, mother of Houston Auto Body Association (HABA) Chairman of the Board Greg Luther, passed away on September 14 at the age of 64.

BJ is remembered for her generous and giving heart and for always being there to lend a helping hand. She could cook anything and was often found in her kitchen. She had a fondness for all types of crafting. She was a hard worker who excelled at numerous jobs, most notably as a caterer. Additionally, she was once a member of the Houston Livestock Show and Rodeo cook-off team for 93Q.

BJ is survived by her husband, Chris Mullins; son Greg Luther and his wife, Christie; daughter Kristi Thompson; son Braden Mullins and wife, Alyssa; stepdaughter Ashley Garlington; mother Sue Ray; sister Wonda Forrest; stepsister Donna Thomas and husband, Chuck; stepbrother Aaron Ray; grandchildren Darren Luther, Kaelee Luther, Alicia Elizondo, Brielle Ray, Kyla Hulsey and Mason Mullins; and great grandchild Nzari Isaac. She is also survived by numerous extended family and friends.

ABAT, HABA and *Texas Automotive* offer Greg and the rest of BJ's family our deepest condolences. **TXA**



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