

The official publication of the Auto Body Association of Texas



# TEXAS

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# A NEW WORLD:

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# “HOW CAN YOU HELP OUR CLIENTS WHEN INSURERS REFUSE TO RETURN VEHICLES BACK TO PRE-LOSS CONDITION?”



AUTO CLAIM SPECIALISTS

"Fair settlements come from knowledge and negotiation"



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 over 22 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-plus 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).

Dear Mr. McDorman:

Now more than ever, our clients are being faced with their insurance carriers not authorizing safe and proper repairs. Each time this happens, our clients are left with out-of-pocket expenses on top of their deductibles. Over the years, we have referred many of our clients to Auto Claim Specialists when these vehicle owners have had either a total loss or an inherent diminished value claim. In every instance, these clients have been pleased with the outcome of their claim. Can you also help our clients with the related issue of not being made whole for the cost of returning their vehicles back to their pre-loss OEM condition? If so, can you share an example?

Thank you for your question. We appreciate the referrals you have sent us over the years. Your question is a particularly good one and points out a serious problem in Texas. We deal with this issue daily in our office from clients all across the United States. However, in the last 60 days, we have noticed carriers in Texas have begun taking an exceptionally hardline position on losses pertaining to collision facility sublet markups, required parts replacement, OEM-required operations, labor cost, refinishing time, refinishing materials and towing and storage costs. In almost every one of these instances, we find that the loss/liability has been under-indemnified by the carrier. However, almost every auto policy in Texas (with an exception being the one from State Farm) allows the insured to seek relief through the appraisal process when under-indemnified for any covered loss, including repair losses.

The spirit of the **Appraisal Clause** is to resolve loss disputes fairly in a timely and cost-effective manner. The invoking of the **Appraisal Clause** removes inexperienced and biased carrier appraisers and claims handlers from the process, undermining their management's many tricks to

undervalue the loss settlement and under-indemnify the insured. Through the **Appraisal Clause**, loss disputes can be resolved relatively quickly, economically, equitably and amicably by unbiased, experienced and independent third-party appraisers as opposed to costly and time-consuming methods, such as mediation, arbitration and litigation.

As mentioned, when the carrier issues an improper or unsafe repair plan, insureds (with State Farm policyholders being an unfortunate exception) almost always have a policy option to invoke their right to appraisal. This past week, a potential client from Paris, TX called our office seeking advice on how to handle a loss/liability their carrier left them with on a repair. After our initial interview with the insured, we requested a copy of the original carrier estimate and all subsequent supplements of record, the collision facility's final invoice and all available photos. We then forwarded these supporting documents to our subsidiary, Vehicle Value Experts, and requested that it issue a complete repair plan with all OEM operations needed to return the vehicle to its pre-loss condition. After a thorough review of the carrier's estimate and all other supporting documents, Vehicle Value Experts issued a repair plan/loss statement of \$8,108.96 to safely return the vehicle to its pre-loss condition. In contrast, the carrier's final repair plan/loss statement amounted to only \$4,549.12.

After reviewing the loss statement from Vehicle Value Experts, we recommended the insured retain Auto Claim Specialists as their Public Insurance Adjuster to invoke their policy right of appraisal and retain Vehicle Value Experts as their independent third-party appraiser. Vehicle Value Experts and the carrier's independent third-party appraiser ultimately agreed on a loss/liability of \$7,705. Through the appraisal process, the insured was able to reduce his out-of-pocket expenses by \$3,155.88!

We routinely see this type of under-indemnification of claims. The more alarming

situation is the perilous and potentially life-threatening safety issue when insureds fail to understand and utilize their policy rights and, lacking the funds to cover their carrier's unfunded liability, accept an unsafe repair plan.

The under-indemnification in total loss and repair procedure claims in Texas is rampant. We have been increasing the total loss settlement for 80 percent of the contacts we retain as clients by an average of 28 percent. We have also reduced clients' out-of-pocket expenses by an average of 35 percent on repair procedure disputes, such

as the example provided in this article. These under-indemnification percentages are staggering and harmful to Texas citizens.

In today's world regarding motor vehicle insurance policies, frequent changes in claim management and claim handling policies and non-standardized GAP Addendums, we have found it is always in the best interest of the insured or claimant to have their proposed insurance settlement reviewed by an expert before accepting it. There is never an upfront fee for Auto Claim Specialists to review a motor vehicle claim or proposed settlement and give its

professional opinion as to the fairness of the offer.

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

Sincerely,  
Robert L. McDorman

TXA

## NATIONAL FEATURE

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that's because you are! The fundamental need for consumers to have their vehicles maintained and repaired has not changed and will continue after this crisis has passed – perhaps at even greater levels than ever before. This industry has always been resilient, whether adapting to changing vehicle technologies or a shifting regulatory environment. If you stay informed, take advantage of the resources available to you and adjust accordingly, you will weather the storm and come out wiser and stronger on the other side.

**JH:** This industry goes to work as soon as the doors open, and this crisis is no different. When cars go back on the road, work will be coming back in the doors. We cannot focus on the things we cannot help. Rather, we need to do the best with what we have now and look to the future. Does the shop need to be cleaned out, reorganized and freshened up? Would you change anything about your layout? This is the time, when it's slow, that you can make all these positive changes to come back better and stronger than ever!

**LT:** We tell shops to be creative and flexible and keep an open mind. What worked best for them just a couple of weeks ago might not work at all now. For example, we are seeing new vendor opportunities opening up. We are seeing stronger bonds with local small businesses that are also getting creative in their marketing efforts. We are also seeing closer

relationships with our insurance partners that hopefully will continue long after this is over.

**AS:** We are an industry made up of people who fix tragically broke things, and we can do the same here. This is not the first time we have weathered really challenging economic adjustments. September 11 and the recession in 2008 are examples of instances where the challenge felt insurmountable, but we – as an industry, as a country and as individuals – found our way through it. This will be no different. It's going to be tough, but I think many businesses will learn how they can be better prepared in the future while hoping they never have to be prepared for something like this again. The reality is that we can come together and potentially be a stronger industry as a result of this.

For so long as an industry, one of our challenges has been attracting new individuals to fill the gaping holes in technical roles that we have. The reality is that we may have more opportunity to fill those empty spaces than we did previously. We may appeal to individuals who wouldn't have considered us before but who now might say, 'Wow, this is an industry that continues going to work, continues supporting its employees and continues to provide a paycheck when so many people are stuck at home.' There are things in this situation that make our industry shine. **TXA**

## COVER STORY

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deciding factor in the work these businesses will be able to generate. In the age of coronavirus, thriving in the auto body world comes down to shops' ability to enhance their closing ratio.

"[Customers] can be pre-conditioned, if we set the stage properly, to say, 'I already know that I want you to repair the vehicle' or, 'I'm 99 percent of the way there.'"

"The true goal that I see is certainly to do the right thing just because you care," he added. "I know you want to take care of your stakeholders and customers – no question – but there's also an opportunity to utilize this to position ourselves for success by enhancing our culture and driving work to the door."

Niechwiadowicz recommended the book *Raving Fans: A Revolutionary Approach to Customer Service* by Ken Blanchard and Sheldon Bowles, which explores the concept of how businesses can "deliver [their] the vision plus one percent" and overachieve in providing services.

"Try to do a little bit more than what that perfect experience is."

These days, the "perfect experience" for customers could mean keeping interactions with a shop as touchless as possible. Webinar attendees shared experiences with everything from receiving payments through PayPal to the rise of photo estimating. ABAT has aided members in their health-minded activities by making association-branded masks available. McKenzie added that wearing masks was still a critical part of his daily operations at the time of the BASF presentations.

"If we have clients who are sensitive to