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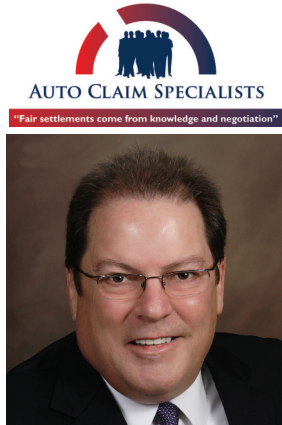
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“WHY WOULD USAA UNDERVALUE MY 2006 JEEP WRANGLER AND DEEM IT A TOTAL LOSS?”



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 25 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.

Dear Mr. McDorman:

Auto Claim Specialists recently helped me get my 2006 Jeep Wrangler repaired after USAA wrongfully deemed it a total loss and refused to return it to its pre-loss condition. Burl with Burl's Collision Center explained to me that my Jeep could be safely returned to its pre-loss condition. However, USAA informed me it was in its best economic interest to deem my Jeep a total loss and not repair it. I did not understand this, and I suspected USAA had undervalued my Jeep. However, USAA refused to listen to me, and I was unsure how to convince the company that it had missed the mark to my detriment. After presenting my situation to Burl and expressing to him I wanted my Jeep repaired and not replaced, Burl referred me to Auto Claim Specialists, who reviewed my loss statement with USAA and recommended I invoke my policy right of appraisal in contest of the USAA loss statement. At the end of the appraisal process, my hunch turned out to be true. USAA grossly undervalued the actual cash value of my Jeep by \$5,967 or 44 percent. With the correct valuation established, USAA saw it was now in its best economic interest to repair my Jeep. Now, thanks to Auto Claim Specialists, USAA not only authorized Burl's Collision Center to repair my Jeep to its pre-loss condition but also paid my fee to Auto Claim Specialists for showing the company how wrong it was. How could USAA undervalue the Actual Cash Value by \$5,967 or 44 percent? That just seems incredible to me. Do you see this type of under-indemnification often?

After you directed me to several editorials about my situation, I felt compelled to ask you to explain to *Texas Automotive* readers how Auto Claim Specialists resolved my wrongful total loss situation with USAA and got my Jeep repaired. It's my hope it will help others in a similar situation see they have choices when their insurance carrier wrongfully totals their vehicle just because it makes economic sense for it to do so.

Sincerely,
James Wilson

Dear James:

Thank you for your question and your concern for other Texas insureds. Yes, we see this type of gross under-indemnification regularly by carriers. We appreciate your calling Auto Claim Specialists to help resolve your loss situation with USAA. We particularly see many USAA clients in the same situation as you. The reason for this is that the USAA policy states under LIMIT OF LIABILITY: “We will declare **your covered auto** to be a total loss if, in our judgment, the cost to **repair** it would be greater than its **actual cash value** minus its salvage value after the loss.” However, as I will show in my response to your inquiries, the repair cost was less than even USAA's own lowball adjusted vehicle value minus the salvage in your case, and yet the company still deemed your Jeep a total loss.

USAA, with the help of CCC ONE, determined the adjusted vehicle value of your Jeep to be \$13,329. USAA determined a salvage value on your Jeep of \$3,100. Burl's Collision, after a thorough inspection, determined the complete repair cost to return your Jeep to its pre-loss condition was \$8,835.07. Under the USAA policy to determine whether USAA will administer the liability to replace or repair your Jeep, one should take the CCC ONE adjusted vehicle value of \$13,329 and subtract the salvage value of \$3,100, which equals \$10,229. Only if the cost of repair exceeds this amount would USAA be in the right to total your vehicle according to its own policy. Given the repair cost of \$8,835.07, we see that even without our involvement, USAA should never have deemed your Jeep a total loss.

Upon your providing us with the USAA CCC ONE Market Valuation Report (MVR) formulating an adjusted vehicle value of \$13,329, we sent it to our subsidiary, Vehicle Value Experts, to issue a certified actual cash value. The USAA policy limit of liability under comprehensive coverage and collision coverage is the actual cash value. Vehicle Value Experts quickly identified that USAA had undervalued the Jeep a minimum of \$5,000. We recommended you retain Auto Claim Specialists as your public insurance adjuster agency and Vehicle Value Experts as your independent third-party appraiser and invoke your policy right of appraisal in contest of the loss settlement. At the end of the appraisal process, Vehicle Value Experts and the USAA independent third-party appraiser defined the actual cash value of your Jeep as \$19,296.

The calculation method used by USAA to deem your Jeep a total loss is called the total loss formula. This formula always benefits the insurance carrier. Most policies in Texas use the total loss threshold method to determine the repair-or-replace loss type. Under the total loss threshold method, if the cost to repair is less than the actual cash value, the carrier will generally elect to repair. At the end of the appraisal process revealing that USAA under-indemnified your loss by \$5,967, it was clear that your Jeep should obviously be repaired under either calculation method. Thus, USAA promptly authorized Burl's Collision Center to repair the Jeep and even willingly paid our fee. We expose this type of under-indemnification by carriers on a daily basis. However, it's still the case that few insureds understand they have the right to an appraisal of the loss.

The under-indemnification in total loss and repair procedure claims in Texas is rampant. Besides the higher settlements for total loss clients averaging 28 percent above the carrier's undisputed loss statement, we have also reduced clients' out-of-pocket expenses an average of 35 percent on repair procedure disputes such as the example provided here. These under-indemnification percentages are staggering and harmful to Texas citizens.

The spirit of the **Appraisal Clause** is to resolve loss disputes fairly and to do so 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 more costly and time-consuming methods, such as mediation, arbitration and litigation.

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. 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.

TXA

Sincerely,
Robert L. McDorman



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