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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:

It's Greg Luther at Helman Collision Center. A few months back, we referred a client, Steve Huggins, to you who had a 2019 Ford F-350. The claim started as a GEICO claim, but due to a policy limit issue, he had to file one with his own carrier, State Farm. We have completed the repair, and our final invoice was \$45,318.81. In the May 2021 *Texas Automotive Consumer's Voice* article entitled "A Nightmare Made Worse: A Former State Farm Insured Tells All," he explained his frustration with his insurer throughout the claim process. Can you explain to the readers how he was ultimately made whole for a safe and proper repair? Also, he mentioned he would be seeking a diminished value claim. Can you explain to me and the readers how he was able to seek diminished value through his carrier? What was the outcome of that diminished value claim?

Thank you for your question, and we appreciate the referral of your clients. When you first referred Mr. Huggins to us, State Farm had issued a repair estimate for \$3,858.06 after first performing a virtual estimate of around \$2,000. After several supplements and many discussions, State Farm finally agreed to your final repair plan of \$45,318.81 to return the truck to its pre-loss condition. Fortunately for him, State Farm did ultimately approve the Helfman proper repair plan with no out-of-pocket expense other than his applicable deductible. Many times per month when State Farm clients come to us, we see this is not the case. As I've previously written about, State Farm's policy has limited the Right to Appraisal to actual cash value disputes only.

Reading the May Consumer's Voice piece, we clearly can see the absolute harm to the insured when the Right to Appraisal is limited to only certain elements of the covered loss.

Mr. Huggins' date of loss was September 19, 2020. Before he was finally referred to Helfman Collision Center on or about December 8, 2020, four different collision facilities had inspected the truck and issued repair estimates ranging from \$2,000 to \$3,800. Mr. Huggins first spoke to us on Wednesday, December 16 and retained our services the following day. His repair was not completed until the week of February 15, 2021. If State Farm had not removed the Right to Appraisal from their policy to dispute repair procedures, he could have invoked this right in contest of the loss and immediately turned the claim over to an experienced independent appraiser. This would have saved him from going through the many hardships he wrote about, including suffering the nearly five-month time span from the date of loss until the repair was finally completed.

Mr. Huggins' case is nothing new for us and is only one of many examples of atrocities resulting from the carrier removing the Right to Appraisal for repair losses. As I have documented time and time again, a motor vehicle policy with limited or restricted appraisal rights leaves

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Ask The Expert

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insureds facing similar frustrating situations (such as this claim) more times than not. The biased, manipulative and overly profit-minded insurance carrier should never be given the absolute right over the liquidity of the insured's loss. Protection of the party's appraisal rights should be mandatory on all elements of the covered loss.

As for Mr. Huggins being able to file an inherent diminished value claim with State Farm, most carriers in Texas do recognize inherent diminished value claims when the insured files the claim under the underinsured/uninsured motorist side of their policy. He had such coverage; however, toward the end of the repair procedure dispute, State Farm sent him a letter stating it would hold off on subrogation with GEICO until we settled the inherent diminished value claim. Shortly after we filed our inherent diminished value claim with GEICO on March 19, it notified us that it would not recognize this claim due to State Farm's subrogation rights. After several discussions with GEICO and State Farm on March 29, we filed the inherent diminished value claim with State Farm for \$9,700. State Farm agreed with our inherent diminished value loss valuation and subsequently paid.

The under-indemnification in total loss and repair procedure claims in Texas is rampant.

In further support of this editorial and the absolute critical need for the Right to Appraisal to encompass every element of the covered loss, I would like to share a statement that I recently provided to Chairman Oliverson of the Texas House Insurance Committee. I had provided the Committee several years of documented evidence of the alarming degree of under-indemnification in repair procedure claims in Texas, and I concluded with the following:

"Approval of House Bill 2534 [to require the Right to Appraisal in all Texas auto policies] would detour this type of under-indemnification and potentially unsafe discounted repair plans issued by the inexperienced insurance appraiser. Please note, State Farm has restricted its insureds from invoking the Right to Appraisal in contest of loss disputes on repairs regardless of whether the written repair estimate constitutes an unsafe repair. Thus, the 90 percent settlement increase we see on repair dispute loss types does not include State Farm insureds who have disputes over the repair methodology used by State Farm. Approval of House Bill 2534 would require State Farm's policy to allow the parties to invoke the Right to Appraisal when a loss dispute arises over the repair methodology of the covered vehicle."

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 by an average of 90 percent on repair procedure disputes such as the example provided here. These under-indemnification percentages are staggering and harmful to Texas citizens.

Sincerely,

Robert L. McDorman
TXA

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