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COLLISION CAREER PROMISE

Are Our Clients the Only Ones Who Suffer from

DELAYS IN THE CLAIM PROCESS?

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ARE OUR CLIENTS THE ONLY ONES WHO SUFFER FROM DELAYS IN THE CLAIM PROCESS?

Dear Mr. McDorman:

We routinely have clients come to us who have been in an accident where the other party was at fault. The at-fault party’s insurance company always delays the process, and our client must file the claim with their own insurance company. Is this a problem only at our shop, or do you see it with other shops and their client base? Also, what determines how the insured is properly indemnified?

Thank you for your questions. These are two great questions, and the answer to the first is “No, this problem does not occur only at your shop.” We see this often in each state where we are licensed and do business. In a situation such as this, we always suggest the insured immediately file their loss with their own insurance company and let their insurance company subrogate against the at-fault party’s carrier. When the insured files the claim with their own carrier, there are time constraints on their insurance company to handle the loss promptly. Also, if there happens to be a dispute over the loss, most policies in Texas allow the insured to invoke their Right of Appraisal to resolve the dispute and ensure they are properly indemnified for their loss.

As for your question on proper indemnification, how we handle these types of claims changes from carrier to carrier depending on the language in the policy; however, in most Texas motor vehicle insurance policies, the limit of liability applies to the lesser of the two – repair or replace – as shown below. Additionally, most Texas motor vehicle insurance policies have a Right to Appraisal like in the following example.

LIMIT OF LIABILITY

1. Our limit of liability for loss will be the lesser of the:
 - a. **Actual cash value** of the stolen or damaged property;
 - b. Amount necessary to repair or replace the property with other of like kind and quality;
 - c. Amount stated in the Declarations of this policy.

APPRAISAL

If we and **you** do not agree on the amount of **loss**, either may demand an appraisal of the loss. In this event, each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will state separately the **actual cash value** and the amount of **loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
 2. Bear the expenses of the umpire equally.
- We do not waive any of our rights under this policy by agreeing to an appraisal.

When the insured’s insurance policy has the limits of liability and Appraisal Clause listed above, their right to relief if a dispute arises over the loss almost always has a positive outcome. The Right of Appraisal is always the first line of defense against under-indemnification; however, the Right to Appraisal is only available to the insured, not to claimants who file a claim with the at-fault party’s insurance company.

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 above. 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

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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.

Ask The Expert

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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 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, 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 their 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

Executive Director's Message

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Saturday is our "front AND back of the shop" day! We have MORE amazing classes for the front of the shop folks, but we even have a few technician classes, including a special session taught by **Chris White of KECO Products** on **glue pull repair**. We have repair planning and estimating classes taught by **Danny Gredinberg with the DEG**, as well as a special class taught by **ABAT Board member, Logan Payne**, on **how to approach out-of-pocket costs above deductibles with customers**. We will hear from **Robert Grieve** of Nylund's Collision and SCRS Board member in his very popular talk on **post-repair inspections**. The show wraps up with a panel discussion featuring **OEM Representatives and industry experts on electric vehicles**.

Most people would need to spend thousands of dollars to fly to Vegas to see these speakers on the stages of SEMA. We understand that is just not a reality for many shops, especially in the current business climate. So, load up and drive to Dallas for a weekend PACKED with both business AND pleasure for what we consider to be a mini-SEMA experience! Register today at abat.us/2022tradeshaw.


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