

The official publication of the Auto Body Association of Texas (ABAT)

TEXAS

AUTOMOTIVE™



August 2022
\$5.95

A graphic for the Texas Auto Body Trade Show 2022. The graphic is rectangular with rounded corners and a white border. The top section has a blue background with white stars, a crescent moon, and two planets. The word "TEXAS" is written in red, outlined letters. Below this, on the left, is a logo for "TEXAS AUTO BODY TRADE SHOW" featuring a star and the word "TEXAS" in a stylized font. To the right of the logo is a map of Texas with a white star, followed by the year "2022" in large blue numbers. The bottom section has a dark blue background with silhouettes of a cowboy on a horse and oil pumpjacks. The text "AUGUST 26-27" is written in white, outlined letters.

**Fixin' to Have a Great Time at
ABAT's Texas Auto Body Trade Show**

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THE GOLD?**

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**HARM TEXAS
CONSUMERS?**

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WHY DO SOME INSURERS PAY FOR CERTAIN OPERATIONS AND PROCEDURES THAT OTHERS DON'T?

Dear Mr. McDorman:

Who determines what insurance companies owe regarding claims? Why do certain insurers pay for specific operations and procedures that others don't?

Thank you for your great questions. We actually hear these questions often in our office. The answer to both questions is found within the policy language. As for what insurance companies owe, a carrier is contractually obligated to indemnify the insured for their loss based on the policy limits of liability. As for why some insurers pay for certain operations and procedures and others do not, the policy language also determines this. Unlike our company that has an extensive library of auto policies, most only see their own policy (and few even read that one), so they have no idea that all Texas insurance policies are not the same. It is important to read the specific policy for the specific claim being filed for a clear understanding of the insurance carrier's liability. The path to relief when there is a dispute over the loss is policy specific.

When a claimant files their claim with the at-fault party's insurance carrier and there is a dispute over the amount of the loss, we always suggest the insured re-file their loss with their own insurance company and let their carrier subrogate against the at-fault party's insurance company. When the insured files the claim with their own carrier, there are contractual time constraints to

handle the loss promptly. Also, if there is a dispute over the loss, in most Texas policies, the insured can invoke their right of appraisal to resolve the dispute and see to it they are correctly indemnified for their loss.

As I wrote about last month, how we handle loss disputes differs from carrier to carrier, depending on the language in the policy; however, most Texas motor vehicle insurance policies' limit of liability is for the lesser of the two (repair or replace) as listed below. Additionally, most Texas motor vehicle insurance policies have a right to appraisal, also shown below.

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 to Appraisal is always the first line of defense against under-



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.

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Ask The Expert

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indemnification; however, as mentioned above, the Right to Appraisal is only available to the insured and not to a claimant who has filed 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 in 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. Invoking 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 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 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



Includes:

- ✓ (2) 10 HP VFD's
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Local: (214) 616-8535 | Main: (800) 524-0340 | chris@ecotechsystems.net | ecotechsystems.net