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A photograph of two hands shaking in a firm grip, with a fan of US one hundred dollar bills held between them. The hands are wearing suit sleeves.

Appraisal: An Issue of Life and Death

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ARE LAWMAKERS CHANGING THEIR MINDSET ABOUT CONSUMER SAFETY?

Dear Mr. McDorman,

I own and operate several collision facilities in west Texas, and we routinely refer our clients to you with their under-indemnification issues. We truly appreciate you and your staff for always dropping what you are doing to help. Over the last several months, I have seen articles written about you promoting safe repairs and your involvement with the mandatory appraisal bill at the Capitol. Do you see a difference in the mindset of lawmakers this session versus last? If so, what do you think sparked the change?

Thank you for your questions, and thank you for the referrals you have sent us over the years. Yes, I have seen a noticeable difference in lawmakers this legislative session. Earlier this month while at the Capitol, I had several lawmakers invite me to their office to discuss HB 1321 and HB 1437. Each had wonderful questions and comments which clearly indicated they had been researching these two important bills. I believe very strongly that this evident change in attitudes regarding the Safe Repairs Bill (HB 1321) and the Fair Appraisal Bill (HB 1437) has to do with all the efforts that my colleagues have made over the past two years to help educate Texas citizens and lawmakers on the need to change the broken motor vehicle claim process. I also believe we should give credit to our lobbyist, Jacob Smith, for all his hard work in educating lawmakers and promoting the need for the Safe Repairs Bill and the Fair Appraisal Bill. Thank you, Jacob!

Safe Repairs Bill (HB 1321) would prevent the carrier from using biased, direct repair contracted rates to determine the prevailing rate. It would not allow the insurer to consider a part to be of "like kind and quality" unless it has been safety tested using the same manufacturer (OEM) guidelines. Additionally, an insurer would be prohibited from offering any type of incentive other than a warranty. Finally, the insurance company would be prohibited from accepting a referral fee or gratuity in exchange for the referral of business.

When a dispute arises between the insurer, the policyholder and the repair professional, the Right to Appraisal is the proper relief to see to it that the vehicle is safely and properly returned back to its pre-loss condition to the best of one's human ability. The Fair Appraisal Bill (HB 1437) requires insurers to include the Appraisal Clause in all auto policies, both for total loss and repair claims. *The limiting or removal of the Right to Appraisal in motor vehicle auto*

policies would be the nail in the coffin for safe roadways for us all.

It is my position that the Right to Appraisal is the guardrail for indemnification. Without this critical loss dispute resolution process becoming mandatory in the insurance code, the insurance carriers and their defense team will be like beavers to running water to reduce or remove this contractual economic relief for the insured which they have already attempted doing, and they have even succeeded in removing it from one carrier's auto policy.

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.



Robert is a recognized Public Insurance Adjuster and Certified Vehicle Value Expert specializing in motor vehicle-related insurance claim resolution. Robert can be reached at (800) 736-6816, (817) 756-5482 or via email at AskTheExpert@autoclaimspecialists.com.

Sincerely,
Robert L. McDorman
TXA



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