

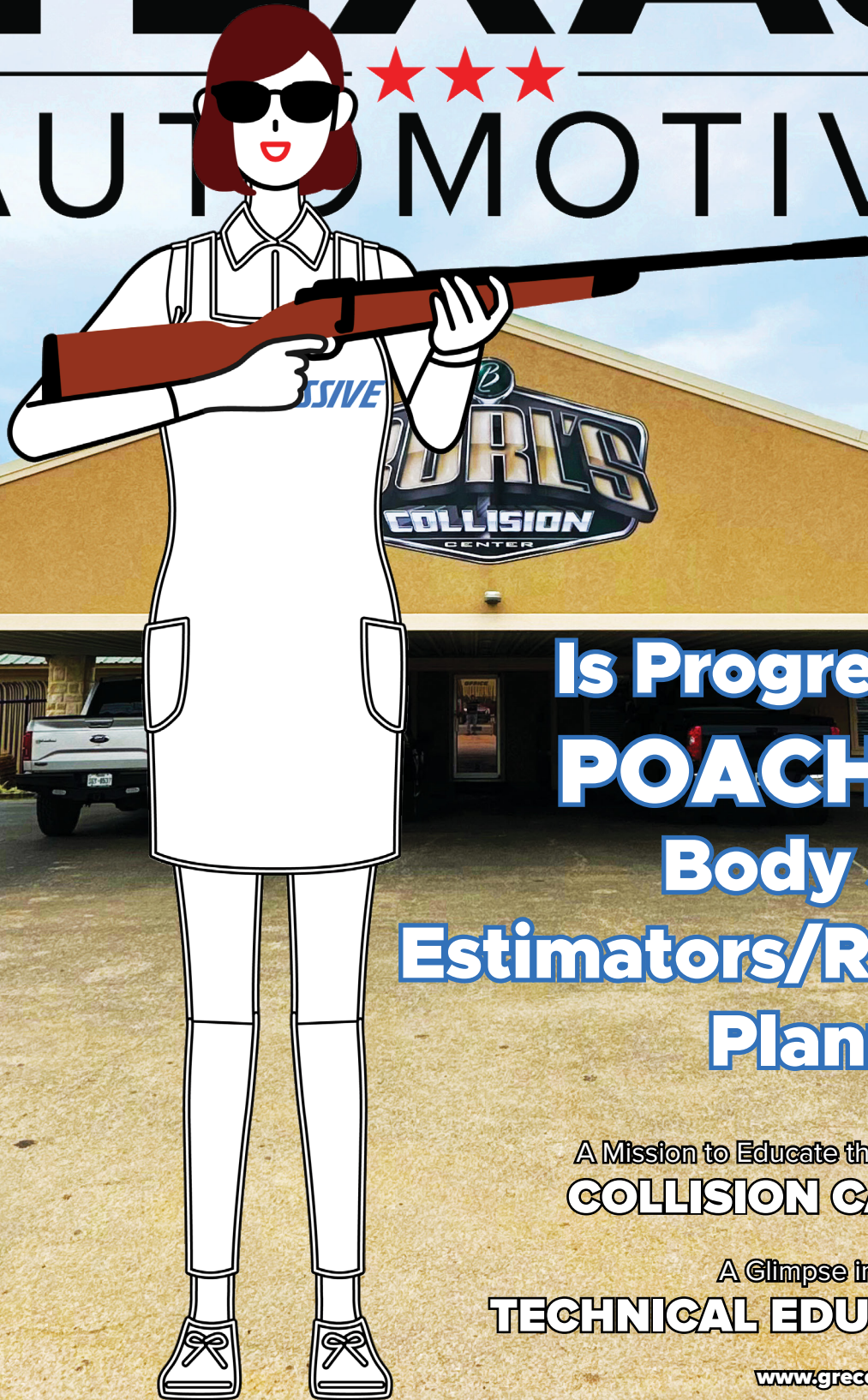
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WHAT IS THE LATEST UPDATE ON THE APPRAISAL BILL?

Dear Mr. McDorman,

Thank you for your response to my question about the mandatory appraisal bill at the Capitol. It is my understanding that there is a Senate Bill SB 554 sponsored by Senator Hughes and a House Bill sponsored by Representative Clardy. Can you give me and the readers an update on how these bills are progressing? Has there been a hearing on the bills?

Thank you for your question and response. On April 18, I testified along with others on SB 554 and HB 1437 at the Capitol. Both bills would require insurance carriers in Texas to have a mandatory Right to Appraisal in their personal auto policies. During the Senate bill hearing, lawmakers asked several good questions. During the House bill hearing, there were no questions. I have testified several times before the House Insurance Committee on the importance of the Right to Appraisal and the surrounding safety issues when this policy right is limited, reduced or removed.

Additionally, the Texas Department of Insurance (in their 2022 Biennial Report) and the Office of Public Insurance Council (in their report to the 88th Texas Legislature) have expressed their concerns on the insurer or insured's Right to Appraisal in the case of loss disputes. I can only hope at this point that lawmakers have taken note and paid close attention to how important this issue is.

As I have stressed many times in this forum, it is important to know and understand that 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 returned safely and properly back to its pre-loss condition to the best of one's human ability. The Fair Appraisal Bill SB 554 and HB 1437 requires insurers to include the Appraisal Clause in all auto policies, both for total loss and repair claims. This is very important because, as I have pointed out previously, there already is one auto policy in Texas that excludes appraisal rights for 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.*

As I have repeatedly stated in my writings and testimony, it is my emphatic 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 step up already ongoing efforts to reduce or remove this contractual economic relief for the insured.

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, 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



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.



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