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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 11 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+ 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.

AN INSURED'S REMEDY FOR INDEMNITY ISSUES

Dear Mr. McDorman:

I own a collision facility in Houston. I read your October 2018 article, "Fighting Back against Short-Pays." Thank you. In the editorial, you wrote, "If this can be done [Assignment of Proceeds method for payment], then what you are dealing with is an indemnity issue that could have possibly been addressed in the OEM blueprint repair plan." Often, we have laid out, documented and supported our OEM blueprint repair plan just as you described, only to find out that our thorough outline fell on deaf ears. We were unable to convince the insurance carrier appraiser of the safe and proper method to repair the vehicle. My question is this: When the required repair procedures we have documented and supported in our OEM blueprint repair plan are covered under the policy, and nonpayment of such is an indemnity issue, what if the insured has been required to pay the difference between the carrier's collision estimate and our plan? Is there a remedy in the policy for the insured to contest the wrongful decision of the insurance carrier appraiser that left them under-indemnified?

This is a great question, and the answer is yes. The remedy for relief would be under the appraisal procedure section(s) of the policy. The policy language for appraisal procedures varies slightly from policy to policy. It is always best to refer to the "Appraisal Condition" of the policy and to the "Requirements in the Event of Loss" section as it relates to the specific covered loss.

The "Appraisal Clause," oftentimes found within an insurance policy contract, is straightforward and binding. (Both parties are bound by the final award.) Lawyers are not required,

and the length of the process is governed by the complexity of the loss and/or policy terms and conditions. The result of the "Appraisal Clause" is somewhat less formal than arbitration or mediation, and it is far less costly and time-consuming than litigation.

Most insurance policies except for State Farm have an Appraisal Clause that states, "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 an 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 appraisal and umpire equally."

Under the Appraisal Clause language listed above, the insured can seek remedy for any covered loss under the policy. Invoking of the Appraisal Clause removes the inexperienced insurance carrier appraiser's ability to mismanage the claim and puts it in the hands of experienced independent third-party appraisers. The decision between the unbiased independent third-party appraisers is binding on the parties.

State Farm, under its Car Policy Booklet Texas Policy Form 9843A, limits the traditional insurance policy Appraisal Clause. It states, "The appraisers shall only determine the actual cash value of the covered vehicle. Appraisers shall have no authority to decide any other questions of fact, decide any questions of law, or conduct appraisal on a class-wide or class-representative basis."

Under the State Farm Appraisal Clause language for the 9843A policy listed above, the insured would not be able to invoke the Appraisal Clause as a remedy for relief for payment for the loss difference between the carrier's collision estimate and the OEM Blueprint Repair Plan. The policy also states, "You



Real Protection

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agree with **us** that the repair estimate may include new, used, recycled and reconditioned parts. Any of these parts may be either original equipment manufacturer parts or non-original equipment manufacturer parts.”

In today's complex motor vehicle collision repairs, the appraisal process is a vital tool for the insurer and the insured. As more and more insurance carriers push to streamline motor vehicle collision claims management through photo estimating and desk review procedures, the greater the need becomes for the appraisal process. Any restrictions or limitations to such appraisal processes opens the door for indemnification issues, unsafe repairs and fosters bad behavior. The insured should steer away from any insurance policy that limits the Appraisal Clause process. It is always in the best interest of the parties for any covered loss to be eligible for this course of action.

The spirit of the Appraisal Clause is to resolve disputes fairly – and to do so in a timely and cost-effective manner. Through the Appraisal Clause, disputes can be resolved relatively quickly, economically, equitably and amicably by unbiased, experienced and independent third-party appraisers when compared to a mediation, arbitration and litigation.

Over the years, we have handled thousands of complex appraisal clause assignments. We have most insurance policies in our library. Please call me should you have any questions relating to the Appraisal Clause process.

I thank you for your question and look forward to any follow-up questions that may arise.

Sincerely,