



AUTO CLAIM SPECIALISTS

“Fair settlements come from knowledge and negotiation.”

Introduction to the Appraisal Clause



- The key defense insurance policyholders have to protect their contractual right of indemnification is the appraisal clause in their policy.
- Utilizing the appraisal clause, obtain fair settlement of auto claims.

Introduction to Appraisal Clause



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.”

Introduction to Appraisal Clause



Limit of Liability (Total Loss Threshold)

- “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; or
 - c. Amount stated in the Declarations of this policy.”

Introduction to Appraisal Clause



Limit of Liability (Total Loss Formula)

“**Our** limit of liability under Comprehensive Coverage and Collision Coverage is the **actual cash value** of the vehicle, inclusive of any custom equipment. **We** will declare **your covered auto** to be a total loss if, in our judgment, the cost to **repair** it would be greater than its **actual cash value** minus its salvage value after the **loss.**”

Introduction to Appraisal Clause



Purpose of Appraisal Clause

- The spirit of the appraisal clause is to resolve loss disputes fairly and to do so in a timely and cost-effective manner.
- Through the appraisal clause, loss disputes can be resolved relatively quickly, economically, equitably, and amicably by unbiased, experienced, and independent third-party appraisers as opposed to more costly and time-consuming methods, such as mediation, arbitration, and litigation.

Introduction to Appraisal Clause



Get help with an auto insurance complaint

Step 1: Talk to the insurance company.

Step 2: Ask for an appraisal.

Your policy may include an appraisal process to resolve complaints. Appraisal allows you and the company each hire an appraiser. The two appraisers then choose a third appraiser as an umpire. You must pay for your appraiser and half of the umpire's costs.

The appraisers review your claim and estimate the amount of damage. If their estimates are different, the umpire decides.

You can only use appraisal to resolve disputes about the amount of damage. If there's a dispute about whether something is covered, you can try to resolve that issue after the appraisal.

Check your policy for any deadlines to request appraisal. If you need help finding an appraiser, search for a "property damage appraiser" online or check with your contractor.

Step 3: File a complaint with us.

Step 4: Get legal help

Massachusetts Section 191A



Appraisal

- Section 191A. No company shall issue a policy or contract which insures against physical damage to a motor vehicle of the insured unless said policy contains in substance the following provisions:
 - In case of any loss or damage insured against under the policy, the named insured shall give notice thereof as soon as practicable to the company or any of its authorized agents and also, in the event of larceny, robbery or pilferage, to the police, and within sixty days after filing proof of loss the company shall pay the amount of loss as provided in the policy.
 - If the named insured and the company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty days after receipt of proof of loss by the company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire and failing for fifteen days to agree upon such umpire, then, on the request of the named insured or the company, such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The named insured and the company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire.
 - The company shall not be held to have waived any of its rights by any act relating to appraisal.

Results From Invoking Appraisal Clause



Settled Total Loss Cases

Average of Total Settlement Increase	Column Labels								
Row Labels		2016	2017	2018	2019	2020	2021	2022	Grand Total
Allstate			\$5,155	\$3,195	\$3,530	\$3,165	\$5,983	\$4,625	\$3,959
Farmers	\$1,990	\$4,446	\$3,837	\$5,811	\$4,285	\$4,903	\$4,592		\$4,675
Geico		\$5,824	\$2,942	\$3,089	\$2,481	\$4,219	\$3,435		\$3,598
Liberty Mutual		\$7,305	\$5,087	\$4,378	\$3,677	\$5,542	\$4,514		\$4,692
Other		\$4,180	\$4,136	\$2,892	\$6,498	\$4,445	\$5,810		\$4,300
Progressive		\$4,220	\$3,697	\$3,385	\$4,695	\$5,211	\$4,545		\$4,372
Safeco		\$2,248	\$2,706	\$2,935	\$4,503	\$4,633			\$3,086
State Farm		\$4,694	\$4,239	\$3,844	\$5,007	\$5,527	\$4,826		\$4,723
Texas Farm Bureau		\$2,679	\$2,614	\$3,078	\$3,493	\$5,274	\$8,245		\$3,803
Travelers		\$3,175	\$3,190	\$4,674	\$2,025	\$11,173			\$3,809
USAA		\$5,046	\$3,946	\$3,051	\$4,074	\$4,750	\$5,603		\$4,073
Grand Total		\$1,990	\$4,837	\$3,717	\$3,625	\$4,331	\$5,155	\$4,807	\$4,208

Results From Invoking Appraisal Clause



Settled Repair Dispute Cases

Row Labels	Average of Settlement Increase	Average of Settlement Increase in %
Allstate	\$5,452.67	257.5%
Farmers	\$2,909.92	111.5%
Geico	\$4,978.24	166.8%
Liberty Mutual	\$6,478.15	89.8%
Other	\$6,451.75	144.7%
Progressive	\$4,891.67	124.9%
Travelers	\$5,876.49	142.9%
USAA	\$6,768.69	321.7%
Grand Total	\$5,437.13	152.8%

Our Position on Mandatory Appraisal Rights



- Our Position IS NOT: Every auto claim should go to appraisal.
- Our Position IS:
 - 1) Due to the tremendous volume of auto claims, the valuation of loss **MUST BE AUTOMATED.**
 - 2) There is no, and will never be, a perfect automated vehicle valuation system.
 - 3) The automated valuation systems approved by insurance carriers will always and understandably penalize any tendency of over-indemnification. Thus, the inevitable valuation errors will tend always to be to the low side.
 - 4) Therefore, the right of appraisal should be mandatory in every state of our nation and presented to insureds as the means of resolution when values are disputed.

Q&A



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