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TONIGHT'S
SHOW

A COMEDY OF
UNDER-INDEMNIFICATION:
STARRING
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INSURANCE

Staying Ahead of
THE CURVE

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WHAT IS THE LATEST UNDER-INDEMNIFICATION SCHEME?

Dear Mr. McDorman,

I own and operate several collision facilities in East Texas. We routinely refer our clients to you for help when they have a dispute with their insurance carrier over the covered loss. Recently, we have referred several clients to you after their insurance carrier deemed their vehicle a total loss after accepting liability and issuing an estimate of record followed by at least one supplement. In these cases, with a change in the loss type from repair to replace, the carrier then elected to withhold our fees associated with the previously authorized repair. Then, to add further insult to injury, the carriers told our clients that if we did not agree to their terms to release the vehicle to them, they would elect to deduct the presumed salvage value from their settlement and fund what they believe the liability is, leaving the policyholder with the salvage. Are you seeing this type of sinister action in other areas of Texas?

Thank you for your question. Yes we are, and we are also seeing this aggressive, disturbing behavior by the insurance carriers in other states besides Texas. Most of the policies we have in our library, under the duties of the insured after the loss, require the insured to preserve and protect the loss vehicle. It is our position that this section of the policy points to the carrier's liability for associated loss expenses after the vehicle has been deemed a total loss.

We have referred several of our clients with similar optics in their loss dispute to law firms once the liable carrier arrogantly dismissed our demand. In every case, these claims have been settled prior to trial for substantial settlements from the unlawful carriers.

Our advice to our clients who have been harmed and cheated by their insurance carriers is to fight like the third monkey in line to get onto Noah's Ark when it has already begun to rain...and we will help! We will continue referring clients to legal teams who can help them to be made whole for their loss. In my professional opinion, the more times these systematic under-indemnification schemes are exposed and monetary punishment is levied, the quicker change will come about to help us all.

It is my adamant position that any covered loss should be subject to appraisal. Appraisal is the guardrail for indemnification of the loss when a dispute arises between the insurer and the insured over the loss. Without legislation in place requiring mandatory time-sensitive appraisal rights, we can expect to see continued efforts by carriers to develop cost-cutting schemes such as this as unlawful insurance carriers seek to reduce liability via under-indemnification of their policyholders losses.

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 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. The invocation 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



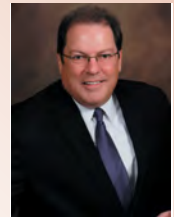
Robert is a recognized Public Insurance Adjuster and Certified Vehicle Value Expert specializing in motor vehicle-related insurance claim resolution. Robert can be reached by phone at (800) 736-6816, (817) 756-5482 or via email at AskTheExpert@autoclaimspecialists.com.



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