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# TEXAS



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## ABAT Celebrates a Decade!

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Battling for  
**RIGHT TO APPRAISAL**

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# BATTLING FOR RIGHT TO APPRAISAL: DO YOU UNDERSTAND THE IMPACT?

Last month, *Texas Automotive's* cover story (available at [greco-publishing.com/txa0124coverstory](https://greco-publishing.com/txa0124coverstory)) focused on one consumer's generous donation to the fight for mandatory appraisal rights in Texas. We know you're absolutely itching to know how the elected steward of those funds, Robert McDorman (Auto Claim Specialists), plans to use them in his fight for Right to Appraisal...and those details will be revealed next month.

But in order to appreciate exactly why it's so important to pursue this battle, it's imperative for collision repairers to understand the impact of Right to Appraisal (RTA). Sure, you can flip through the pages of nearly any past issue of this magazine to get the gist of it, but consumer advocacy group Texas Watch compiled some relevant information last year that is worth exploring.

"The numbers are eye-opening," insists ABAT President Burl Richards. "The association gathered the information, and Texas Watch did a great job of putting this analysis together which really shows the impact that Right to Appraisal has had in Texas."

Before recognizing the value of RTA, one must first comprehend the problem that it was designed to solve. "Too often, insurance companies offer consumers too little to repair or replace their vehicle. Fair auto insurance appraisal allows consumers and insurers to determine the cost to repair vehicles or the value of the total loss," the report indicates, explaining that RTA allows consumers and insurers to establish that fair value.

Unfortunately, in 2015, the Texas Department of Insurance (TDI) permitted State Farm to eliminate the Appraisal Clause from its Texas policies, and in 2022, GEICO sought a similar removal, which was only rejected due to a lack of sufficient information being provided by the insurer.

"Fair auto insurance appraisal allows cars to be repaired safely or vehicles to be valued accurately in the event of a total loss," the Texas Watch report stresses, going on to analyze 1,246 auto insurance claims settled through independent appraisers and break down the figures in a number of insightful ways.

Invoking RTA for repair claims resulted in an average increase of \$5,307.35 for Texas consumers, while appraisal increased the average total loss claim by \$3,889.27. Imagine the difference that \$4,000 to \$5,000 would make for the average vehicle owner facing such a crisis!

More amazingly, when all of those claims were combined, the total amount by which the settlements were increased was \$5,081,431.83...

an amount that now resides in consumers' pockets instead of insurers' bank accounts. But what about all the claims that were taken at face value without the vehicle owner ever pursuing RTA? It seems likely that the amount that consumers are being cheated out of could be exponentially higher since the analyzed claims only encompass a small percentage of the claims processed in Texas each year.

The report goes on to examine various insurers' average under-indemnification on Texas claims as well as how those amounts vary from region to region. It also demonstrated that the average amount that insurers undervalue repair claims varies from year to year but has seen an increase in the past four years.

Based on the data it analyzed, Texas Watch came to the same conclusion that ABAT has emphasized for several years: "Fair auto appraisal gives consumers an essential tool if their insurance company undervalues the cost of repairing the vehicle or the value of the total loss...From our data alone, appraisal helped over 1,000 Texans recover over \$5 million in property damages, collectively. Scaled across millions of Texas drivers, one may safely assume the problem of under-indemnification is orders of magnitude larger."

The consumer rights group continues on to make the plea for mandatory Right to Appraisal as the most viable solution for consumers needing to resolve value disputes with their carriers. In addition to recommending "widespread education on the policyholders' right to invoke the Appraisal Clause," Texas Watch's report professed, "We must make the right to a fair auto insurance appraisal mandatory in Texas policies and educate policyholders about their right to invoke appraisal. Without the right to a fair auto appraisal, consumers have few options when determining the right dollar amount for the repair cost or the value of their total loss. *Fair appraisal leads to safe repairs, and safe repairs save lives!*"

Texas Watch's "Impact of Auto Appraisal" is available in its entirety at [bit.ly/TXW-RTA](https://bit.ly/TXW-RTA); however, this is not the only entity that has recognized the significant impact that Right to Appraisal has on Texas consumers, as evidenced by the Office of Public Insurance Counsel Report to the 88th Texas Legislature, which can be viewed at [bit.ly/OPIC2023](https://bit.ly/OPIC2023), and even TDI's 2022 Biennial Report (available at [bit.ly/TDI2022biennial](https://bit.ly/TDI2022biennial)). Flip to page 20 for McDorman's examination of how these reports factor into the journey for mandatory appraisal rights for all Texas consumers. **TXA**

