

The official publication of the Auto Body Association of Texas (ABAT)

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March 2024
\$5.95



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MANDATORY
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JOURNEY TO MANDATORY RIGHT TO APPRAISAL IN TEXAS CONTINUES

Dear Mr. McDorman,

I own and operate a collision facility in southeast Texas. I read last month's editorial concerning the Texas Watch "Impact of Auto Appraisal" analysis, the Office of Public Insurance Counsel Report to the 88th Texas Legislature and December 2022 Texas Department of Insurance 2022 Biennial Report. Additionally, I went back and reviewed each of these reports. These are consistent with what we are seeing in our operation daily, and fortify the absolute need for mandatory Right to Appraisal in all motor vehicle policies. More and more of our clients have an additional amount due on top of their deductible when they pick up their vehicle. It almost seems to us, at our shop, like this is by design, and the carriers are reducing their liability more often than not by refusing to cover required procedures and operations. We agree with you that the Right to Appraisal is the guardrail for proper indemnification. What is the next step you will take in the battle to secure mandatory appraisal rights in Texas motor vehicle policies?

Thank you for your comments and question. Working through policy holder issues daily in our office, as well as under-indemnification issues with our clients' insurance carriers, one would think the mandatory Right to Appraisal in motor vehicle policies would be a shoo in; however, it is not. It is surprisingly contested and complex. I was hopeful to be in a position this month to clearly write about what, in my professional opinion, is the best next step to secure mandatory Right to Appraisal in all Texas motor vehicle policies, but I am not. Please forgive me. I have developed a good understanding of the direction we need to take, but there are several additional lawmakers I need to speak with before I can write about the next step. I hope to have this in place before next month's editorial.

It is my unwavering position that limiting or removing the Right to Appraisal in a motor vehicle policy will be the nail in the coffin for safe roadways for us all. As we move forward with this journey to secure the mandatory Right of Appraisal in motor vehicle policies, we need to continue to educate all parties involved about the consequences of its removal. The more complex our motor vehicles become, the greater the need for the repair methodology to be determined through the Right of Appraisal by repair professionals when a dispute arises.

As I have noted in several past editorials and public speaking engagements over the years, as a stark consumer advocate, Auto Claim Specialists has gone to agencies with well-documented facts seeking to help our clients who have been harmed by their insurance carrier and to bring awareness to these systematic atrocities. At each turn, we were told the only help was to seek legislation or a finder of fact. I believe now that the State Farm verdict is a matter of law, lawmakers will take note and see this as a time for change.

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 almost daily in our office. 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. Invoking 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.



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.

Sincerely,
Robert L. McDorman
TXA



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201 Main Street Suite 600 Fort Worth, TX 76102
817-756-5482 Fax: 866-550-0484
Toll Free: 800-736-6816
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