

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

# TEXAS

# AUTOMOTIVE™

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## Paving the Way:

*ABAT's 2024 Texas Auto Body Trade Show Keeps Growing*

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PG. 19



## WHY DO WE NEED MANDATORY RIGHT TO APPRAISAL IN TEXAS?

Dear Mr. McDorman,

I own and operate a collision facility in West Texas. I have referred several clients to you over the years, and you were able to help each one resolve the loss dispute with their insurance carrier without the carrier refusing the Right to Appraisal. I have read how you are working diligently to get a mandatory appraisal bill passed in Texas, but I'm wondering why this is such a big deal. I was under the impression most policies already contain an Appraisal Clause. Are you seeing some insurance carriers requesting changes to remove or modify the appraisal provision in their policy? If so, would the mandatory Right to Appraisal really prevent them from making this type of change to their policies?

Thank you for your comments and questions. Yes, the mandatory Right to Appraisal bill, if passed in Texas, would require each motor vehicle insurance policy to include a Right to Appraisal provision, covering all loss disputes – both repair and total loss. The Right to Appraisal is always the guardrail for indemnification of the loss when a dispute over the loss arises. In answer to your first question, in the past year, GEICO made an unsuccessful attempt with the Texas Department of Insurance (TDI) to modify the appraisal provision in their motor vehicle policy to remove their insureds' Right to Appraisal over repair procedure disputes. It has been brought to our attention that Progressive and Home State County Mutual also have similar pending policy change requests with the TDI. These examples of insurance carriers trying to remove the Right to Appraisal should be a warning bell for all insured Texas citizens. It is critical we all work together to successfully convince lawmakers in the upcoming legislative session to pass a bill requiring every motor vehicle policy in Texas to include the Right to Appraisal for all covered loss disputes.

As a public insurance adjuster agency, our clients come to us for help with their automobile insurance claims. We rarely see instances where carrier-issued settlement offers are not well below what is needed to make their clients whole on their loss. When this is the case, we are able to help our clients get properly indemnified by utilizing the Appraisal Clause in their insurance contract, which requires each party to hire a competent appraiser and the appraisers to determine the true loss

Because of our past success in using the Appraisal Clause to force carriers to make our clients whole as their policies dictate, carriers have begun to fight back by attempting to remove or restrict the Appraisal Clause, which only hurts the insureds. One carrier has already succeeded in eliminating the contractual right of its insureds to invoke appraisal for repair claims. This is a dangerous precedent, which other carriers (as mentioned above) are attempting to follow.

It is our position at Auto Claim Specialists that the Right to Appraisal should be a mandatory contractual right in every policy. During the 87th and 88th Texas legislative sessions, we played an active role in the Right to Appraisal bills sponsored by Representative Clardy and Senator Hughes. For the 89th Texas legislative panel, we will be teaming up with a lobbyist to help us

try to secure mandatory contractual appraisal rights for all insured Texans. It is my position that any limiting or removal of the Right to Appraisal concerning a repair procedure dispute will be the nail in the coffin for safe roadways for us all.

We, the insureds, are many, and I am confident that if we join forces and all do what we can, we can be successful in securing our rights and our children's rights to contest insurance settlement offers that would result in underpayment of losses and/or shoddy and dangerous repairs.

The under-indemnification in total loss and repair procedure claims in Texas and elsewhere is rampant. Besides achieving higher settlements for total loss claims averaging 28 percent above carriers' settlement offers, we have also reduced clients' out-of-pocket expenses on repair procedure disputes by over 44 percent. 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 invoking 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.



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](mailto:AskTheExpert@autoclaimspecialists.com).

Sincerely,  
Robert L. McDorman  
TXA



We are experienced in negotiating claims with insurance companies. As a Licensed Public Insurance Adjuster Agency, we can ensure a fair settlement on your auto claim. It is our duty to act on your behalf!

### CONTACT US FROM ANYWHERE IN THE U.S.!

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