

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

TEXAS

AUTOMOTIVE™



December 2024

\$5.95

**BEATING
THE DRUM:**

**ABAT'S 2025
LEGISLATIVE PLANS**

ABAT's Tuggle Shares
IDEAS AT SEMA

Texans' Right-of-Appraisal Rights
ARE BEING HEARD

www.grecopublishing.com

TEXANS' RIGHT-OF-APPRAISAL RIGHTS ARE BEING HEARD

Dear Mr. McDorman,

I own and operate a collision facility in East Texas. Reading the November 2024 *Texas Automotive* editorial, "Right of Appraisal Gone Bad (grecoPublishing.com/txa1124asktheexpert)," was a wake-up call about the need for mandatory appraisal rights in Texas for motor vehicle claims. We do not have any DRP affiliations at our shop, and almost every collision repair we complete leaves the client with a balance due that their insurance carrier refuses to recognize – even with fully documented support of the necessary and required process or part. Some under-indemnified short payments by the insured's carrier are more significant than others. During the repair process, we always include the client in every step of the repair process and entirely support the difference between what the insurance carrier claims they owe and the actual cost to safely return the vehicle to its OEM pre-loss condition to the best of one's human ability. Routinely, after our client pays our final invoice and picks up their car, they elect to invoke their Right to Appraisal to recoup their out-of-pocket expense. However, a few of our clients who did not hire Auto Claim Specialists to help them through the Right-to-Appraisal process have experienced the serious issues you wrote about, some in spades. Can you explain to the readers how Auto Claim Specialists has such consistent success in representing insureds with under-indemnification issues against their insurance carrier?

Thank you for your question regarding Auto Claim Specialists' process and success in helping the insured with their under-indemnification issues on their motor vehicle claim. Auto Claim Specialists is a public insurance adjuster agency. As licensed public insurance adjusters, we are experienced in negotiating claims with insurance companies. We have teamed up with expert appraisers who are, in our opinion, the best of the best. Together, with the best knowledge and the best negotiating skills, we can ensure a fair settlement for our client. These ingredients set us apart from a stand-alone appraisal firm.

Regarding your comment about the need for mandatory appraisal rights on motor vehicle claims in Texas, we at Auto Claim Specialists could not agree more! We are so proud and excited to announce that on Thursday, November 14, 2024, Senator Charles Schwertner sponsored SB369, supporting mandatory appraisal rights for all Texans when they and their insurance carrier cannot agree on the amount of the covered loss. This is a big step in recognizing and protecting the insured's rights in Texas when there is a dispute over the covered loss in an automotive insurance claim.

Senator Schwertner's bill contains critical, time-sensitive triggers that prevent the harmful delays in the insurance claim process we see and deal with daily. As noted in the bill, should there be a dispute in the amount of loss, either party – the insurer or the insured – must invoke this Right to Appraisal within 90 days after the insurer accepts liability and issues their undisputed liability offer. Also, it sets a timeline that requires the parties to appoint and name their appraisers no later than the 15th day after

the appraisal is demanded. The bill requires that the appraisers appoint an unbiased umpire if they cannot agree on the amount of loss after the 30th day following the date both appraisers are appointed. The bill sets a drop-dead date on the timeline for which the appraisers must select an umpire. The appraisers must choose an umpire on or before the 15th day after the date the appraisers determine an umpire is needed if the two appraisers cannot agree on an umpire. Should the appraisers not be able to decide on an umpire, the insurer or the named insured may request that a court in the county in which the named insured resides select the umpire. The appraisers and umpire must determine the amount of loss not later than the 30th day after the date the umpire is selected.

Senator Schwertner's bill also has a fee-shifting component that reads, "If, at the end of the appraisal process, the amount of loss is determined to be more than 10 percent greater than the amount of the insurer's last offer, the insurer shall refund the named insured's reasonable out-of-pocket expenses for the insured's appraiser's fees and expenses." Also, it states that if, at the end of the appraisal process, the appraisal award is more than 10 percent less than the amount the insurer last offered, the named insured shall pay the insurer's appraiser's reasonable fees and expenses.

As noted in previous editorials, our position at Auto Claim Specialists is that the Right to Appraisal should be a mandatory contractual right in every policy. For the 89th Texas Legislative panel, we have teamed up with lobbyist Andrew "Drew" Graham to educate lawmakers and help secure mandatory contractual appraisal rights for all insured Texans. 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.

As citizens of Texas, we must band together to pass mandatory

continued on pg. 22



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.

continued from pg. 20

Right-to-Appraisal laws with time-sensitive triggers designed to stop the carrier from tipping the scales during the appraisal process. Until legislators pass laws to make the Right to Appraisal mandatory in Texas for all motor vehicle policies, we have no choice but to continue to advise our clients who have been harmed and cheated by their insurance carriers 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. In my professional opinion, the more times these systematic under-indemnification schemes are exposed and monetary punishment is levied, the quicker change will come to help us all.

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 remember that 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

Cover Story *continued from pg. 17*

"We're facing a giant, but every session, we've gotten better and outworked them," Smith insists. "We've just been beaten by the clock. To protect consumers, we need to make some noise to alert legislators to the industry's issues so they can help. Auto body shop owners are voters and their constituents, so you can make a difference by voicing your concerns!" He encourages shops to contact their state representatives and senators, whose contact information can be found at wrm.capitol.texas.gov, to share their concerns and garner their support.

"We need to keep educating consumers about their right to a safe repair and exactly what that means," Richards says. "We also want to educate our legislators about this legislation and how it impacts Texas drivers, and if we can get consumers to call their legislators to help them understand why they need to support the Safe Auto Repair Bill, we can absolutely get the support we need to pass this legislation. We're fighting a big, multi-billion dollar industry that will stop at nothing to save a buck, but we have the advantage of 'right' on our side. We just need to get enough people marching along and banging those bongos so that we're heard loud and clear!"

As always, ABAT plans to make noise in some other ways as well.

The association has scheduled some virtual meetings for the coming months, and Richards is excited to move forward with plans to distribute independent surveys to help determine the true "prevailing procedures and prices" in various Texas markets. "This is important because the results will provide information about what procedures shops are actually requesting and getting paid for. In addition to giving us information to combat insurers' attempts at under-indemnification of our customers, it will help ABAT understand what types of education we should provide for our members in the future. It will also provide shops with evidence that they're not the only ones, and hopefully, that will give them the confidence to continue demanding compensation for everything involved in a safe and proper repair. It's all about educating each other and our industry."

ABAT also looks forward to the 2025 Texas Auto Body Trade Show, scheduled September 12-13, 2025, which will be moving to a new location: the Marriott Dallas Allen Hotel and Convention Center (Allen). Stay tuned as more details become available at abat.us/tradeshows. **TXA**



Why Join WIN?

WIN offers education, mentoring and leadership development opportunities to build critical skills for success in the collision repair market.

- Local/Regional Networking Events
- Annual Education Conference
- Educational Webinars
- Mentoring Opportunities
- Scholarship Program
- School Outreach Program
- Most Influential Women (MIW) Award

womensindustrynetwork.com

WIN
Women's Industry Network®
Driving the Future for Women in Collision Repair