

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

TEXAS

AUTOMOTIVE™



January 2025
\$5.95

Seeking Ripples to Make a HUGE SPLASH

Think RTA Doesn't Affect You?

WRONG!

TDI's Appraisal Experience
DATA CALL REPORT

www.grecopublishing.com

TDI'S APPRAISAL EXPERIENCE DATA CALL REPORT SUPPORTS THE NEED FOR MANDATORY APPRAISAL RIGHTS

Dear Mr. McDorman,

I own and operate a collision facility in North Texas. In my opinion, the release of the Texas Department of Insurance Appraisal Experience Data Call Report outlines and supports the need for mandatory appraisal rights in Texas. I was surprised that less than 0.02 percent of payable personal auto claims used the Appraisal Clause. I was also disappointed that the report had the total loss and repair procedure appraisal results combined, as these are very different claims. The report stated that about half of the personal auto appraisal awards were between \$13,000 and \$38,000, resulting in a \$2,100-\$5,900 increase above the insurer's initial offer. How does the data call report compare to what you see in your office from the handling of personal auto claims?

Thank you for your comments and question. Let me start by stating that I commend the Texas Department of Insurance (TDI) for stepping forward, requesting this data on appraisal and releasing it for public view. As you point out, their report states that only 0.02 percent of reported claims went through the appraisal process. This is particularly concerning and reflects the alarming unawareness of policyholders when it comes to their Right to Appraisal when the proposed offer to settle is low. The report then shows that only a small fraction of those – just 14 auto claims – reportedly moved to litigation. I am confident the TDI understands that without the contractual Right to Appraisal, the number of claims going to litigation would have been much greater. There is no information on litigation costs in the report, but it states that appraisal costs for auto claims are less than two percent of the average appraisal award, which demonstrates just how cost effective the appraisal process is as a means of resolving disputed settlement offers.

With only 0.02 percent of reported claims going to appraisal, one would wonder why the carriers have been attempting to remove the Right to Appraisal from their policies in the first place. Why is it a big deal? What they fear is that information on the policy Right to Appraisal and the typical significant appraisal awards is starting to spread, and they want to quietly and underhandedly remove this right before it starts to cost them significant money. They know they aren't really making fair offers for 99.8 percent of claims and that their scheme is finally becoming exposed. With the Right to Appraisal removed from Texas policies, it wouldn't really matter that the scheme is exposed because there wouldn't be any fast and cost effective way for insureds to push back and get fairly compensated for their loss.

This data call report sounds the alarm on the systematic under-indemnification scheme I have spoken about for years and the need for mandatory appraisal rights. With mandatory appraisal rights in Texas, the TDI website can state, "Your policy includes an appraisal process to resolve complaints," instead of the current, "Your policy **may include** an appraisal process to resolve complaints."

Now getting directly to your question, our data shows (for

2017 through June of 2024) the average negotiated increase on total loss claims above the carrier final offer for 0-2-year-old vehicles is \$4,387; for 3-5-year-old vehicles, it is \$3,908; for 6-8 years old, it is \$3,617; for 9-11 years old, it is \$3,555; for 12-14 years old, it is \$3,483; and over 14 years old, it is \$5,009. The average settlement increase for all years combined is \$3,965. On the repair procedure disputes we have handled for the insured for the same period, the average settlement increase from the carrier final supplement to the signed agreement between the independent appraiser is \$5,981. Our combined average increase is \$4,973.

We should also take note of the March 2023 Texas Watch Impact of Auto Appraisal Report. This report shows that of the 166 repair claims analyzed, the average increase between the appraisal award and the insurance offer was \$5,307.35. It was also reported that for 1,080 total loss claims analyzed, the average difference between the appraisal award and the insurance offer was \$3,889.27. The combined average increase on the 1,246 claims analyzed was \$4,078.20.

Clearly, with the Texas Department of Insurance Appraisal Experience Data Call Report noting an average increase between \$2,100 and \$5,900, the Texas Watch Impact of Auto Appraisal Report noting an average increase of \$4,078.20 and our average increase of \$4,973, we can see that Right to Appraisal is critical, and making these rights mandatory before they are deviously removed from Texas auto policies is vital. As insured citizens of Texas, we need our lawmakers to pass the mandatory Right-to-Appraisal bill this upcoming session. Without the passing of this bill, this injustice will not only continue but likely grow even worse.

As I have written many times, we at Auto Claim Specialists understand your concerns about under-indemnification. Our position is that the Right to Appraisal should be a mandatory contractual right in every policy. For the 89th Texas Legislative session, 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 shown above, the under-indemnification in repair procedure claims in Texas is rampant. What we have found extremely

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.

Ask The Expert

continued from pg. 20

concerning is that most of the estimates and supplements for repair claims had many overlooked (by design) safety and OEM-required operations needed to restore the loss vehicle to its pre-loss condition to the best of one's human ability. I believe limiting or removing the insured's right to appraise a repair procedure is a serious safety issue. The limiting or eliminating the Right to Appraisal by the insurance carrier in a repair procedure dispute will be the nail in the coffin for safe roadways in Texas.

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

Petty Details, llc
Appraisal Services

GET HELP WITH:

APPRAISAL CLAUSE - REPAIR DISPUTES - TOTAL LOSSES

DIMINISHED VALUE - LOSS OF USE

CALL US TODAY! (214) 227-2154
diminishedvalueexpert.com



THE ITALIA

ACCUDRAFT'S FLAGSHIP DOWNDRAFT PAINT BOOTH



Designed for high production, the Italia comes with the Timeless Series Direct Drive Air Make Up Unit, completely integrated intake, heat, and exhaust system.

The Italia includes (2) 10hp VFDs, digital PLC control panel, full lower LED lighting package (every wall), and SmartPad digital control panel with EnergySmart Package, which automatically drops to idle when no spraying is detected.

The exterior of Accudraft's Dual Skin Finishing Equipment is available in FOUR colors:



CONNECT WITH US TODAY TO LEARN MORE!

Ecotech Systems, LLC • Serving Texas, Louisiana & Oklahoma
Local: (214) 616-8535 | Main: (800) 524-0340
chris@ecotechsystems.net | ecotechsystems.net

PROUD DISTRIBUTOR OF ACCUDRAFT FINISHING SYSTEMS

