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Seeking Ripples to Make a HUGE SPLASH

Think RTA Doesn't Affect You?

WRONG!

TDI's Appraisal Experience
DATA CALL REPORT

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THINK RTA DOESN'T AFFECT YOU? WRONG!

We spend a lot of time around here talking about Right to Appraisal (RTA), and lots of shops *get it* – and then some don't. I've heard plenty of folks claim that RTA doesn't affect them, and although I respect your right to be wrong, education is a vital part of what we do here at ABAT, so let me break it down for you.

First off, if you believe that you never use RTA, you're technically correct; shops cannot invoke the Appraisal Clause. A policyholder can invoke their RTA when there's a discrepancy between the repair cost and the amount the insurance company is willing to pay, but as shops, our job is to educate the customer and help them understand that they have this right so they aren't being taken advantage of by carriers that are only concerned with profits.

A common situation you might see: A customer brings in a vehicle, along with a photo estimate from their insurer. It's pretty likely that estimate comes nowhere near the amount needed to actually make the repair. In fact, when ABAT did an analysis of photo estimates a few years ago, we found that a true repair plan costs 10 times more than a photo estimate on average.

So, maybe the insurer's estimate comes in at \$1,500, and after you disassemble the vehicle and submit your blueprint to

the insurance company, they'll send something back that accounts for 30 to 40 percent of what you wrote. Perhaps you try for another supplement, or maybe you explain to the customer that the insurer is objecting to paying for OEM procedures and safety items associated with the repair.

It's likely the insurance company is going to tell you and your customer that no one else asks for those items, that your shop is too expensive.

Now, we can provide OEM documentation to demonstrate why these repairs are needed, and the insurer may ultimately agree to properly indemnify their policyholder...and they may not. If that's the case, a shop that cares about their customers (like I know you do) will take time to educate the customer about their options, and while pursuing the short pay in court is a possibility, the Texas Department of Insurance (TDI) recommends that policyholders invoke RTA before reaching out to an attorney. In my experience,



Burl Richards
ABAT President

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CREF'S 2025 SCHOOL BENCHMARK GRANTS AND STUDENT SCHOLARSHIP APPLICATIONS OPEN

Collision repair facilities around the country desperately need talented workers to address the ongoing workforce shortage, yet a lack of qualified young professionals are entering the industry for various reasons. Many schools' collision programs are underfunded, and post-secondary students seeking to enhance their skills and knowledge often struggle to afford tuition and tools.

The Collision Repair Education Foundation (CREF) addresses these needs through its Collision School Career Readiness Benchmark Grants and Student Scholarship awards, thanks to support from many generous industry donors and sponsors.

In 2024, CREF awarded \$536,000 in grants to 80 schools, benefitting over 4,000 students training in these programs this year alone. The Benchmark Grants recognize those programs that excel at educating students but which require additional financial assistance due to constrained school budgets, providing funds to

purchase the tools, equipment and supplies necessary to enhance their students' learning experience and elevate the caliber of their graduates.

The 2024 Student Scholarships benefitted 90 students with over \$235,000 awarded in financial assistance to ensure those students were able to continue their education, preparing them to pursue a successful career in body shops around the country.

Applications for CREF's 2025 Student Scholarships open on January 8, with a deadline of March 6, 2025.

Applications for CREF's 2025 School Benchmark Grants open January 22 through June 27, 2025.

To apply for a Benchmark Grant or Student Scholarship – or to learn more about supporting CREF's efforts to promote the industry to future generations – visit CollisionRepairEducationFoundation.org.

President's Message

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my shops typically collect within five percent of our repair plan when a customer invokes RTA.

Feel like RTA is the policyholder's problem, not yours? Okay, let me explain why this still affects your shop. Take that same photo estimate and repair plan, but this time, the customer doesn't invoke the Appraisal Clause. Instead, they pay the difference. Now, the next time you submit a repair plan that includes a test drive, checking for wind noise, correcting a water leak or cleaning the vehicle, that carrier can legitimately say "we don't pay for that!" Because they didn't pay for it; the customer did. And while that may seem trivial on one car, when it happens repeatedly over time, it becomes the prevailing competitive practice, which is what the vast majority of insurance policies – if not ALL – obligate them to pay for.

In contrast, when they DO pay for those items through the RTA process, *that* becomes the prevailing competitive practice and empowers you with the documentation to show that they have paid it in the past, making it less of a fight in the future. So many shops are told they're "the only one," but that's simply not true. Every operation that your shop performs should be included on your invoice for the customer to see, and you deserve to be paid for what you're doing. By educating customers on RTA, we help them, but we also help ourselves and our industry.

Still not convinced that RTA affects you?! Let's break it down even simpler. Do you...

- Want to ensure customers' vehicles are safely repaired?
- Find that photo estimates often fall short of predicting the actual work needed?
- Get tired of assuring customers that you're not overcharging them because your invoice is so much higher than the insurer's "guestimate?"
- Deserve to be fairly compensated for the high-quality repairs you perform?
- Worry about charging customers a copay (or shorting yourself) because insurance companies constantly under-indemnify their policyholders?
- Get sick of being told you're "the only one" who performs certain repairs?
- Want to be part of the solution in establishing realistic "prevailing competitive practices?"

If any of the previous circumstances apply to you and your business, RTA does affect you, and it's time to acknowledge it and get involved with our legislative battle to mandate the Appraisal Clause be included in all Texas automotive insurance policies.

(Learn more about the RTA process and ABAT's ongoing legislation on page 16.)

Bud Richards

burl.richards@proton.me

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