

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



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

continued on pg. 14

1 SOURCE ADAS

Are You Tired of Spending Excessive Amounts of Time Finding The Correct Procedures For Every Repair?

1 Source ADAS is the MOST ACCURATE ADAS Reporting Software built by Industry Experts, so they know how to SAVE your business TIME & MONEY.

- No Minimums**
- No Contract**
- 7-Day Free Trial**
No - Obligation

- Easily connect with CCC Secure Share
- Fast uploads for accurate, efficient reports
- Get a detailed report with all required calibrations.
- Meets OEM procedure calibration requirements
- Download your report for insurance needs.
- Usage-based pricing to meet your needs

Getting Started is easy
www.1SourceADAS.com

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

continued from pg. 4

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

TXA

Seeking Ripples to Make a HUGE SPLASH

With 2025 underway, businesses around the country are examining their budgets and determining which investments to undertake. To deal with ongoing challenges related to advancing technology, Texas collision repair shops likely plan to allocate funding to a number of important business needs, such as tooling, equipment, training, certifications, employee benefits and so forth.

But what about the challenges related to shops' continuous struggles with insurance companies – how can repairers budget for ways to address confrontations with appraisers who under-indemnify claims or refuse to pay for the parts and procedures necessary to safely and properly repair customers' vehicles? By joining ABAT and getting involved with its legislative efforts calling for safe repairs and mandatory Right to Appraisal (RTA), initiatives which will be the association's focus as the 89th legislative session opens up on January 14!

"We are going to throw everything we have at passing some laws that address safe and proper repairs and the consumers'

Right to Appraisal in Texas," says ABAT Executive Director Jill Tuggle. "To make this happen, ABAT will need to increase its membership and legislative funds exponentially. We need **YOU!**"

And by "you," ABAT means ALL of you...shop owners, managers, repairers, technicians, estimators, painters, instructors, auto body students and everyone in between. In addition to launching its new website last month, the association began offering new membership levels to encourage participation from more industry professionals throughout the Lone Star State.

"Our offer of these new membership levels comes in response to hearing from repairers who see value in membership and want to be part of something bigger, even though the owners of the shops where they work have not yet joined the association," Tuggle explains. "We talk a lot about investing in our businesses, but individuals also need to invest in themselves, so we're providing new ways for Texas auto body professionals to do exactly that."

It's also important to recognize that there are many ways to

be an auto body professional, Tuggle points out, as she recalls recently attending a local tech school's advisory board luncheon where she met a young lady whose parents have coerced her into obtaining a four-year degree. "She plans to come back to work in a body shop after graduating with a political science degree, but I encouraged her to follow along with what we're doing legislatively because there's a crossover there between what she's studying and her ultimate career goals. I'm hoping she'll attend our Capitol Day event later this year. The conversation was a really cool reminder that there are many ways to be involved in this industry, and it's important that we highlight how many opportunities exist outside of the shops as well."

ABAT's new membership levels grant individuals access to the plethora of information the association provides through the information hub on its website, inclusion on its mailing lists and opportunities to attend training events. The cost of an individual membership begins at just \$25 per year; those interested can register at members.abat.us/application-to-join.

"Getting involved as a member also allows you to stay updated on the legislative efforts ABAT is undertaking to improve the industry for all Texas shops and repairers," Tuggle adds.

During this legislative session, the association will continue "beating the drum" for safe repairs as it has since 2017 (as discussed in last month's *Texas Automotive* cover story, available at grecpublishing.com/txa1224coverstory); however, while details related to that proposed legislation is still forthcoming, ABAT is putting its support behind mandatory RTA for the third time. Its first attempt at an appraisal rights bill in 2021 passed the House of Representatives with a vote of 91-50 and progressed to the Senate, but as the session wended down, it never made it out of committee. The 2023 iteration of the bill requiring the Appraisal Clause be included in all Texas automotive insurance policies passed the House of Representatives and was awaiting a final vote by the Senate when the session ended.

Senate Bill 369, pre-filed on November 14 by Senator Charles Schwertner (R-District 5), includes similar goals and language as the bills proposed in the last two legislative sessions. First and foremost, it would mandate that all personal automobile insurance policies written in Texas "contain an appraisal procedure that complies with this subchapter."

That procedure would permit the insured or insurer to demand an appraisal within 90 days from when "the insurer accepts liability and issues the insurer's undisputed liability offer," at which point, both parties would have 15 days to appoint an unbiased appraiser and share that appraiser's identity with the other party. Those appraisers would collaboratively determine the true amount of the loss, but if they fail to agree upon the amount of loss, they would select an umpire to determine the true cost of repairs. (The bill is available in its entirety at bit.ly/RTA-SB369.)

The need for this type of legislation became apparent in recent years. Although insurance policies have historically included the Appraisal Clause, the Texas Department of Insurance (TDI) permitted State Farm to eliminate the Appraisal

Clause from its Texas policies in 2015, and since then, several additional carriers have submitted policy change applications requesting approval from TDI to remove the RTA for repair procedure disputes from their policies.

"If insurers are permitted to remove the Appraisal Clause from their policies, it could have a ripple effect that will negatively impact the industry," Tuggle fears. "When we allow insurance companies to self-police and manipulate the system, their accountability wanes, and shops are put under even more pressure to cut corners."

But she's convinced that most shops want to do the right thing for their customers, so it's important to recognize that the "ripple effect" she mentions can work in both directions. "We need more shops, more repairers, more instructors to step up to the plate. A lot of times, people don't get involved because they're convinced that other people are handling these matters on their behalf, but that weight is heavy when it's distributed among a few people; it gets lighter when we spread it out among the masses. And there are a massive number of Texas shops. Working together, we *can* accomplish what we've set out to do!"

Getting legislation passed is hard work, requiring a team of experts – and that experience comes at a cost. ABAT is looking to raise \$82,000 for its share of the funds required and has asked for shops to become Political Champions to aid these efforts.

"We can raise the funds needed if 82 shops each donate \$1,000, but that's asking less than two percent of Texas shops

continued on pg. 18

ABAT TO ADD RIPPLES TO NATIONAL RTR SPLASH

While ABAT remains focused on its local initiatives for Texas legislation, the association still keeps an eye on national legislation that impacts Texas repairers, including federal efforts happening in Washington, DC. "ABAT takes an opposing stance to some of the initiatives that are posing as the 'Right to Repair,' such as the REPAIR Act," Tuggle says. "The concept sounds appealing, but at its core, this legislation is being used by aftermarket providers to convince lawmakers that body shops don't have access to the information and parts they need to properly repair cars. They are pushing to gain access to this information so they can create more aftermarket parts and positioning the fight as though it's for repair shops' benefit when it is not."

Several national organizations, including the Society of Collision Repair Specialists, have been at the forefront of the conversation in DC, addressing the actual challenges being faced in the field by collision repair professionals, and ABAT intends to lend its support to such initiatives that are championed by actual repairers who understand actual repairers' challenges. Stay tuned to *Texas Automotive* for more information as it becomes available.

continued from pg. 17

to do something for everyone's benefit. If we spread that out amongst the vast number of shops and repairers in our state, each contribution would become less burdensome. Our association is strong, but our membership is not as deep and wide as many believe, and a small minority of people actually step up to the plate; we need *everyone* to step up and help make a difference."

Several Political Champions share their reasons for stepping up.

"As a small town auto body repair shop, we are dealing with our community, so making sure they get safe and proper repairs is our highest priority," Ed and Crystal Griffin (Griffin's Paint & Body; Winnsboro) say. "We donated to ABAT in order to help ensure that our community members are treated fairly by their insurance companies and that donation is a sacrifice worth making. If we don't all take a stand and fight to be treated fairly, then we will have nothing but unsafe or diminished vehicles on Texas roads. We stand for the truth...what do you stand for? Make a donation and help your community stay safe!"

"More than 90 percent of our customers have to use the Appraisal Clause," acknowledges Steven Stringer (Reno Paint & Body; Paris). "Insurance companies like State Farm that do not offer RTA in their policies create a power imbalance between consumers and insurers. Customers may only have the option

to take legal action to resolve disputes, which is costly, time-consuming and burdensome. Supporting ABAT will help level the playing field by ensuring that all consumers have access to the same rights when it comes to auto repair appraisals."

"As shop owners, we need to do what's right for our customers and this industry," offers Brian Buson (Auto Tech Services; Mansfield). "We will never get this done without supporting this legislation. It's critical work that can make a world of improvement for all, including our customers and the profitability of businesses! Doing safe repairs with OEM parts and getting paid for the work required to be done! It's time to put your money and your efforts toward making a difference!"

Although Political Champions are encouraged to donate \$1,000, Tuggle recognizes that such a large contribution may not be possible for every shop. Raising the necessary funds could be achieved in a number of ways that would require less effort from each individual repairer or shop while still adding up to effect the impact desired. If just 10 percent of Texas shops contributed \$183, ABAT will have raised enough money; if 25 percent of shops make a \$73 donation, sufficient funds will be available. And shop owners can involve the entire team as well.

"Maybe your shop cannot afford to donate a large amount of money, but if you educate your technicians about what we're doing and how it affects them, they might be interested in contributing as well," Tuggle suggests. "If four technicians give \$25 each and you match it, that's a \$200 donation and helps us move the needle. This legislation doesn't just affect shop owners; it affects everyone in the shop, and it also impacts all Texas policyholders, so it's going to take all of us investing in our industry to make a difference."

Along those same lines, it's also important to spread awareness about what ABAT is doing. The association encourages members to educate their customers and their legislative representatives, but it's just as vital to educate industry peers. "Talk to the other shop owners, technicians and estimators you know about joining ABAT," Tuggle urges. "The more of us there are, the louder our voices become!"

ABAT President Burl Richards agrees, stressing "the importance of passing collision repair legislation that protects the consumers of Texas. We need our members more than ever right now."

And small efforts by many individuals add up to large results. As author Robin Dance says, "Some of us will make tiny ripples and others will send waves crashing, but each one will change the surface of the water forever." Participating in ABAT's efforts to mandate RTA is an easy way to collectively make a big splash on the Texas collision repair industry!

Stay current with ABAT's ongoing legislative initiatives and calls to action by continuing to read *Texas Automotive* each month as we provide updates on these efforts or by visiting abat.us/current-initiatives-legislation. **TXA**



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



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

