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RTA:

A RAY OF LIGHT TO WARM CONSUMERS

**ABAT NEEDS YOU
AT THE CAPITOL**

How Two Shop Owners Grew a
**FRIENDSHIP &
PARTNERSHIP**

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Getting in a car crash tends to be a traumatic experience for any driver, but when their insurance carrier – the entity sworn to make them whole after an accident – adds insult to injury by under-indemnifying them for the claim, many vehicle owners find themselves shivering with apprehension as to how they’re going to get their car repaired or afford a replacement. But then a ray of light appears amidst the clouds for those who learn that they have the ability to contest value through their policy’s

Appraisal Clause without being forced to pursue costly litigation.

Unfortunately, few consumers realize they have the Right to Appraisal (RTA), and tragically, some insurers have removed this protection from their policies to the detriment of policyholders. Texans first saw this attack against their rights in 2015 when the Texas Department of Insurance (TDI) allowed State Farm to eliminate RTA from its policies in the Lone Star State, 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.

“You can tell the Appraisal Clause works and is fair because more insurance companies are removing Right to Appraisal from their policies,” notes ABAT Lobbyist Jacob Smith (Longleaf Consulting). “Only two percent of all policyholders with denied claims are willing to fight it in court, and when they do, carriers have the funding to simply wait them out.”

Ware Wendell, executive director of consumer advocacy

group Texas Watch, agrees that RTA is vital for protecting consumers from under-indemnification. “Consumers need a mechanism to ensure safe repairs will be made to their vehicle after a loss. Fair appraisal gives them the ability to bring things before an independent expert – the appraiser – who can determine the correct cost of the repair according to the original equipment manufacturer’s specifications.

“We advocate for the consumer, and we want to make sure consumers have the ability to take their vehicle to a repair shop of their choice, free from intimidation or influence by the insurance industry,” he adds. “Once the repair professionals have the vehicle, we want to make sure they can do the job the right way without pressure from insurance adjusters to cut corners. Fair appraisal can help to make this happen.”

While mandatory RTA is absolutely necessary to protect consumers, it’s not necessarily anti-insurer, according to Robert McDorman (Auto Claim Specialists). “This is not a one-sided initiative. It’s designed to protect both parties – the insurer and the insured. The Right to Appraisal solves problems in an amicable way.”

“It is a fair bill for any party. The same right that the consumer has is the same right that the insurance company has,” Smith explains. “What we’re asking for is already in 97 percent of all auto policies in the state; we’re just asking that it is mandated in *all* policies so people don’t have to guess if they have this dispute resolution in their particular policy. The Appraisal Clause is not something that’s unique to the auto industry; it’s in a lot of insurance policies. It’s a great process that brings in a third-party umpire to determine who was accurate and who wasn’t.”

“The goal is simply to provide a fair and level playing field for the consumer, which they typically don’t have without going through the burdensome process of suing their carrier,” he continues. “If insurance companies are operating in good faith, they never even have to worry about the Appraisal Clause. Insurance is not a free market; it’s a mandate. We don’t get to negotiate what’s in those contracts; we get to choose from various levels we’re offered. Consumers don’t have many tools in their toolbox, and no one wants to go into litigation – especially over a few thousand dollars. But those few thousand could mean a part on the vehicle that impacts an individual’s safety. If we can ensure safety and a level playing field for the consumer, then we’ve done our jobs.”

Wendell believes, “All drivers should have the right to fair appraisal, allowing either party to begin the process and providing reasonable deadlines to avoid delay. This will help to resolve property damage claims promptly and safely.”

“Appraisal *has* to be fixed in Texas,” Smith insists. “It’s going to be one of the biggest issues this session on multiple fronts from multiple organizations.”

ABAT recognizes how important it is for Texas consumers’ cars to be repaired correctly and to pre-loss condition, and they understand that when there’s a value dispute with an insurer,

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RTA offers an invaluable means of resolving that dispute. During the past two legislative sessions, ABAT has supported legislation that would mandate the inclusion of the Appraisal Clause in all Texas insurance policies, ensuring that Texas drivers receive the full value of their vehicle in the event of a loss.

As a result of those efforts, both TDI and the Office of Public Insurance Counsel (OPIC) released reports in recent years which indicated the value of RTA (additional information available at [grecopublishing.com/txa0223coverstory](https://www.grecopublishing.com/txa0223coverstory)). Wendell sees these acknowledgements as progress in the right direction. “It shows that regulators understand the dangers to the public when drivers are unable to recover the correct cost of the repair under the terms of the insurance policy and our laws. We aren’t asking for drivers or repair professionals to be overpaid. We just want to make sure policyholders receive the verified and justified amount of money for their loss so their vehicle can be repaired safely.”

During the current legislation session, the association is throwing its weight behind Senate Bill 369. This proposed legislation, pre-filed in November 2024 by Senator Charles Schwertner (R-District 5) and referred to the Senate’s Business and Commerce Committee on February 3, 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.)

“When a repair shop and the insurer cannot agree on the terms of a repair bill, it’s imperative that consumers be able to invoke RTA to ensure they are not being taken advantage of by greedy insurance carriers,” ABAT President Burl Richards stresses. “RTA puts the consumer back on equal footing and gives them an opportunity to have their car repaired properly. When an insurer refuses to pay for proper repairs, it hurts the vehicle owner and creates the potential to hurt others on our roadways! Yet, insurers are only interested in their own profits, and that’s also why they want to remove the Appraisal Clause from their policies, preventing consumers from being able to have a fair method for value disputes with their carrier. It’s not about the money; it’s about making change and hoping insurers will start treating people right.”

“SB369 is vital safety legislation that guarantees auto policyholders the right to a fair appraisal,” according to Wendell. “Reasonable deadlines and procedures are put into place under the bill to resolve disputes about the correct cost of the repair. It is crucial that this legislation pass into law this session. Fair

appraisal legislation made big progress last session at the Capitol. It is so important that we all push the legislation across the finish line this time and onto the governor’s desk for his signature in 2025. Now is the time to raise our voices for fair appraisal because it leads to safe repairs, and safe repairs save lives!”

“This appraisal issue is 100 percent a safety issue,” McDorman concurs. “Appraisal is about getting it right; it’s about finding the number. The Right to Appraisal should be mandatory. If there’s a loss dispute, it should be subject to appraisal. My unwavering position is that removing the Right to Appraisal on repair procedure disputes will be the enemy of a safe repair and become the stake in the coffin for safe roadways for us all.”

“ABAT will always do our utmost to protect consumer safety, including when they need us to protect their rights,” ABAT Executive Director Jill Tuggle asserts. “If insurers are permitted to remove the Appraisal Clause from their policies, it will also negatively impact the collision industry. 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.”

In contrast, Tuggle asks shops, “Can you imagine getting paid for all OEM recommended procedures? Can you imagine using parts that all fit correctly and have been safety-tested and really are of like kind and quality? For too long, our industry has convinced ourselves that we don’t stand a chance against the insurance industry because they’re so much bigger than us, but our voices do MATTER.”

Later this month, ABAT will use their voices during its 2025 Collision Day at the Capitol (a recap of the event will appear in an upcoming edition of *Texas Automotive*, so stay tuned), and you’re invited to join in! But there’s still more to do.

“Everyone who cares about safety and protecting folks on Texas roads should support SB369,” Wendell weighs in. “It will ensure damaged vehicles are repaired properly and promptly. You can tell your lawmakers to support this legislation by going to texaswatch.org/campaigns/safe-repairs-save-lives. Take one minute to sign our petition. Lawmakers need to hear from you and not just the insurance lobbyists walking the hallways in the Capitol.”

“To protect consumers, we need to continue making some noise to alert legislators to this issue so they can help,” Smith urges. “We must protect consumers, and creating awareness is the best way to do that. Legislators want to hear about their constituents’ problems. 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 for SB369. **TXA**