



Chairman Dean and Committee members,

My name is Robert McDorman, with Auto Claim Specialists. I am here today to testify in support of House Bill SB 458. Thank you for allowing me to address this committee. This is my third session to testify in support of mandatory appraisal rights in motor vehicle policies in Texas.

I am licensed by the Texas Department of Insurance and other State Department of Insurance as a Public Insurance Adjuster. Auto Claim Specialists are licensed in over 26 states.

The last Session, Texas Watch compiled data on the impact of auto appraisal for Texas insureds and their study found that the average difference between appraisal award and the insurance offer for repair claims was \$5,307.35. The average difference on total loss claims was \$3,889.27.

The Texas Department of Insurance in December 2024 released their Appraisal Experience Data Call Report. The finding showed an increase between \$2,100 - \$5,900 more than the insurer's initial offer.

Our records show for repair procedure appraisal dispute an average increase of \$6,568, and for total loss claims \$3,964 above the carriers' final offer.

The Texas Department of Insurance 2022 Biennial Report Considerations Suggested To Establish Policy Form Appraisal Guidance.

The Texas Office of Public Insurance Counsel Report to the 88th Texas Legislature Recommendation 1 was to preserve Right to Appraisal.

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April 21, 2025

The Texas Department of Insurance on their website advises the insured to seek appraisal before filing a complaint. Several years ago, I brought to their attention not all policies had an appraisal clause. Today Texas Department of Insurance suggests the insured check their policy to see if it has a right to appraisal clause.

Our position at Auto Claim Specialists is that the right to appraisal should be a mandatory contractual right in every policy. The limiting or removal to the right to appraisal in a motor vehicle claim will be the nail in the coffin to safe roadways in Texas. Please help us pass Mandatory Appraisal Rights for Texans.

Chairman Dean, I commend your leadership direction and public service as well as other committee members, Thank You.

For repair procedure right to appraisal disputes where claims do not require an umpire, our records show it taking an average of 280 days from the date of loss to final settlement. From the date the right to appraisal is filed until the carrier appoints their independent appraiser takes 48 of those days, and from the date the carrier appoints their independent appraiser until the appraisers agree on the amount of loss averages 121 days (see graph).

Comparing our historical average cycle times to the noted time triggers, just the decrease in time from filed ROA to the date appraisers are appointed (our historical 48 days versus 15 days) and from the date appraisers are appointed to the day appraisers agree on the amount of

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loss (our historical 121 days versus 30 days) would drop the total repair claim cycle time by 124 days, which is close to half the current average total cycle time! This would be a huge relief for insureds in Texas.

Now I would like to add statistics for repair procedures right to appraisal disputes where claims do go to umpire. For these claims our records show that from the date of loss to final settlement it takes 399 days on average; **119 days longer than claims not requiring an umpire, and well over a year altogether!** The biggest difference in cycle times between claims requiring an umpire versus those not requiring an umpire is in the period from the date the carrier appoints their independent appraiser until the appraisers and umpire agree on the amount of loss. For claims going to umpire this takes 233 days on average versus 121 days for claims not going to umpire, a 112-day increase! (see graph).

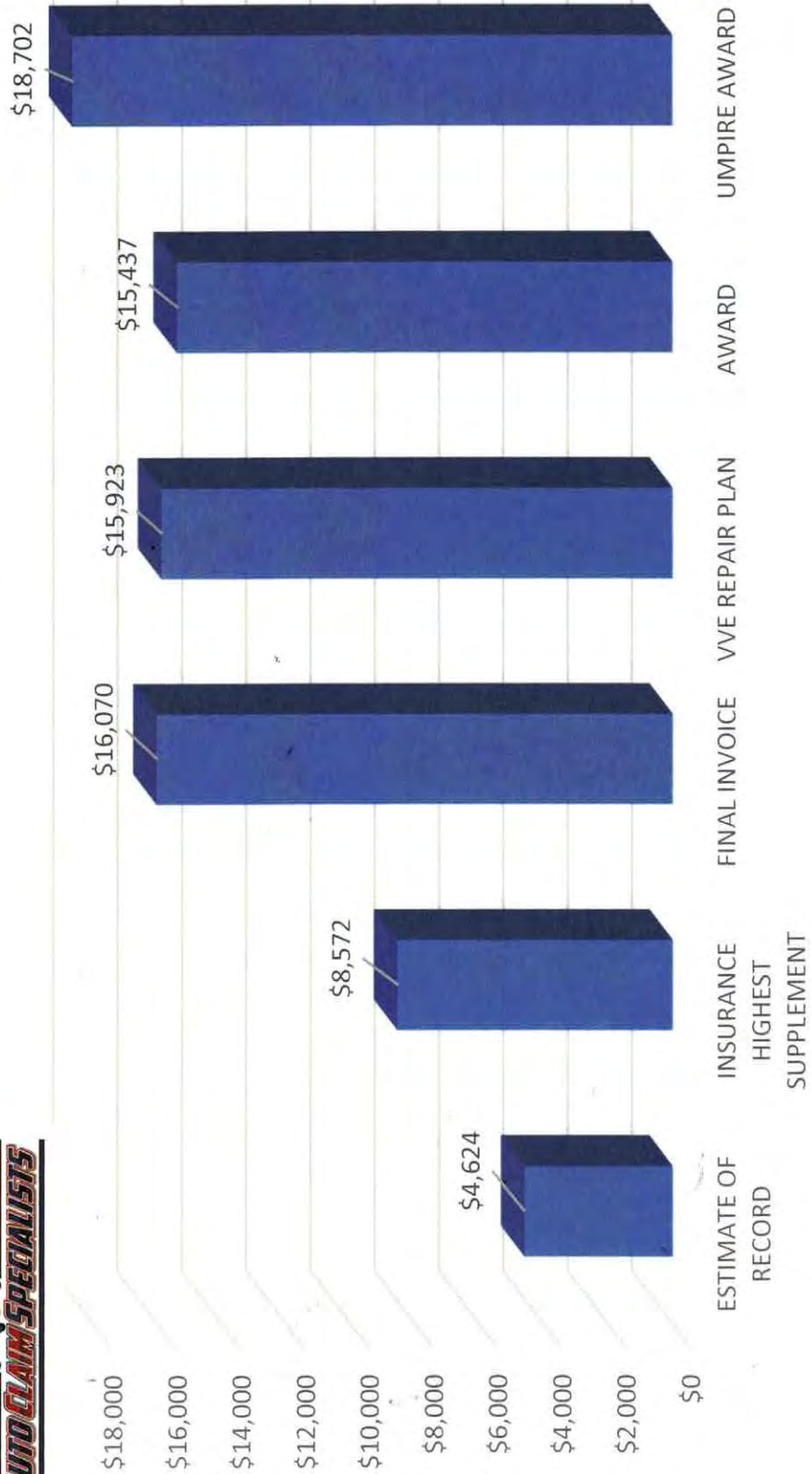
Back to the noted time triggers, for claims that go to umpire, the decrease in time from the date appraisers are appointed to the day the appraisers and umpire agree on the amount of loss (our historical 233 days versus 75 days) would reduce the total repair claim cycle time by 158 days, a drop of over 5 months! Again, this would represent a huge relief for Texas Insureds.

Sincerely,

Robert McDorman

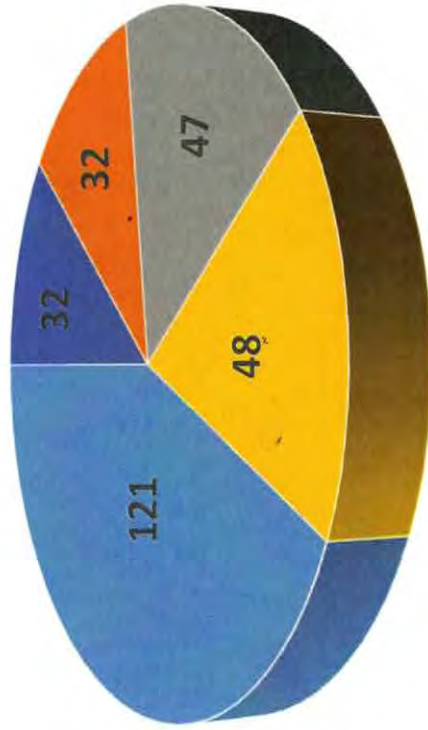


Average Vehicle Repair Claim Values





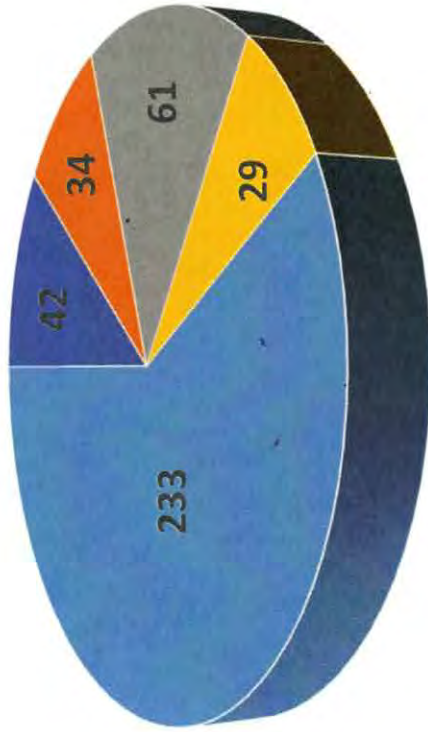
Average Repair Claim Cycle Times (Days) (Claims Settled Without Umpire)



- Date of Loss to Estimate of Record Date
- EOR Date to Last Insurance Supplement Date
- Supplement Date to Filed Right of Appraisal
- Filed ROA to Date Appraiser Appointed
- Date APP Appointed to Date Settled ROA



Average Repair Claim Cycle Times (Days) (Claims Settled With Umpire)

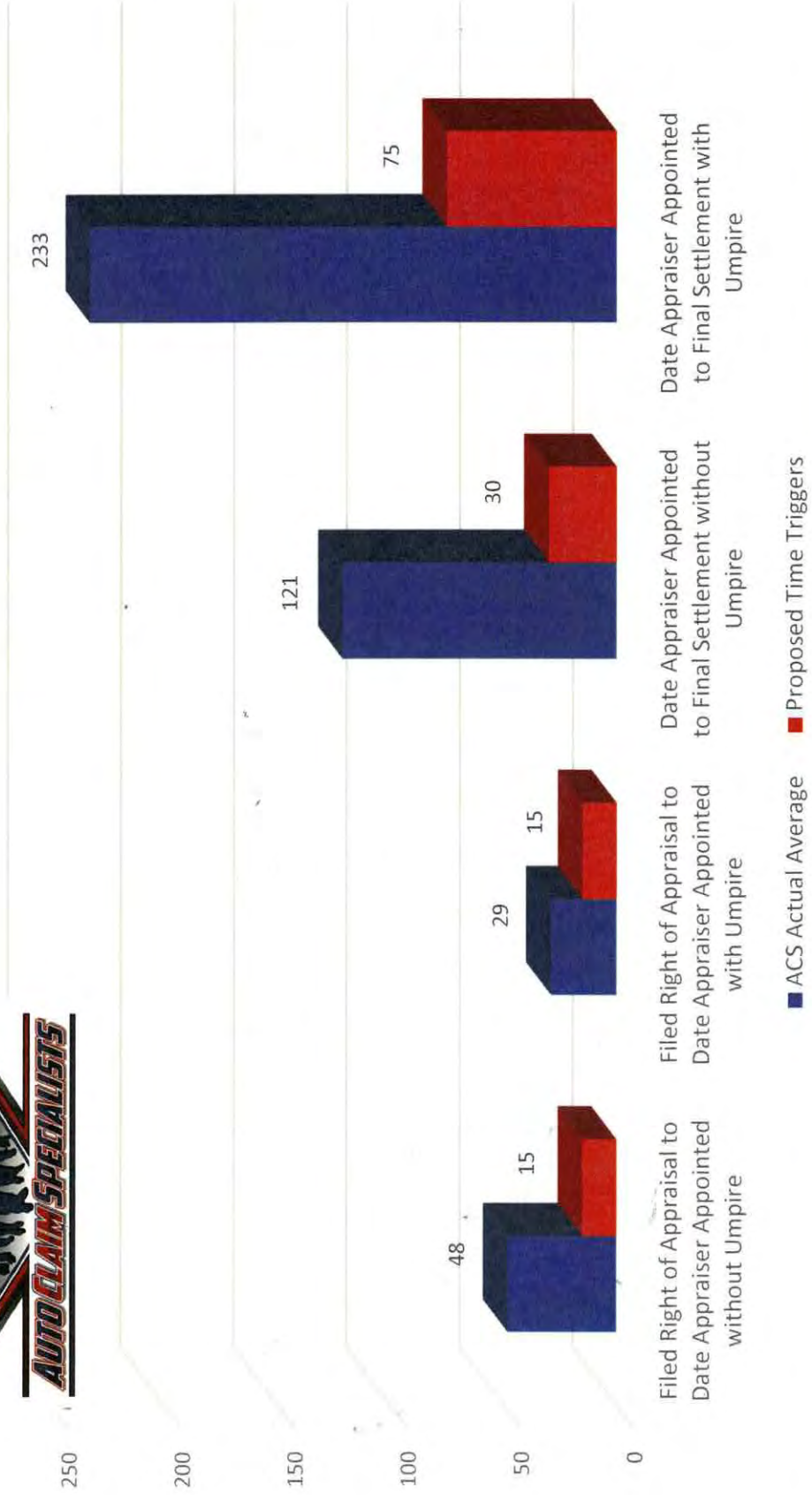


- Date of Loss to Estimate of Record Date
- EOR Date to Last Insurance Supplement Date
- Supplement Date to Filed Right of Appraisal
- Filed ROA to Date Appraiser Appointed
- Date APP Appointed to Date Settled ROA

Auto Claim Specialists Average Cycle Times



vs Proposed Time Triggers (Days)



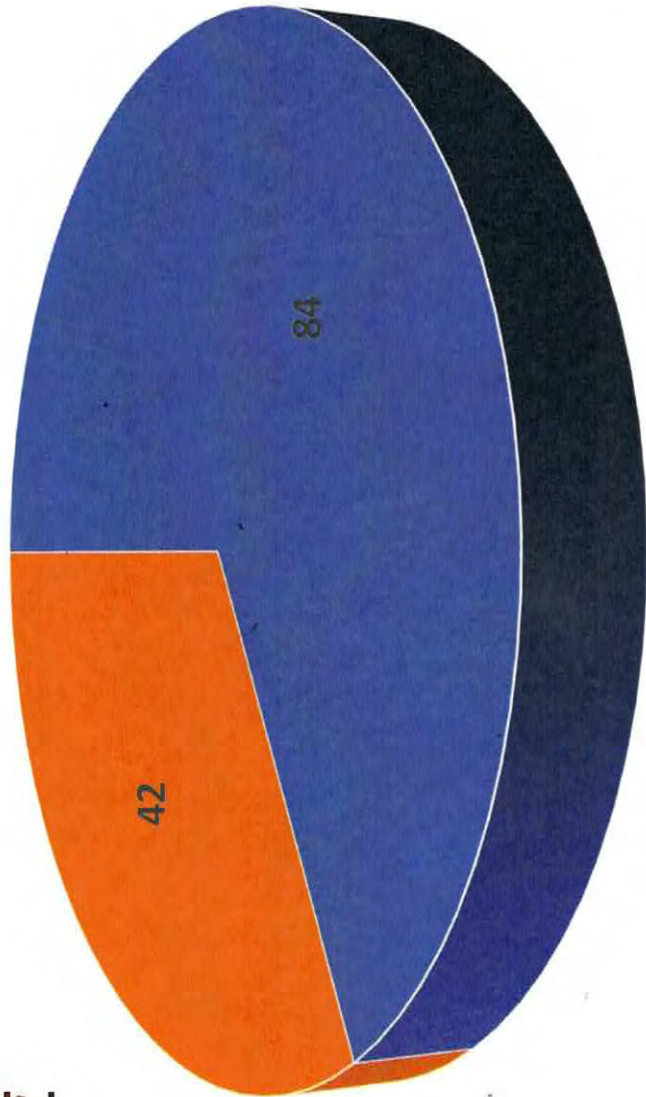


Auto Claim Specialists
Average Negotiated Increase In Actual Cash Value

| Age | % of Claims | Average \$ Increase | Average % Increase | Maximum \$ Increase |
|------------|-------------|---------------------|--------------------|---------------------|
| ALL | 100.0% | \$3,965 | 26.1% | \$51,000 |
| 0-2 | 24.4% | \$4,387 | 16.4% | \$33,093 |
| 3-5 | 32.7% | \$3,908 | 18.4% | \$27,039 |
| 6-8 | 20.5% | \$3,617 | 26.2% | \$43,462 |
| 9-11 | 10.5% | \$3,555 | 34.8% | \$18,984 |
| 12-14 | 6.2% | \$3,483 | 46.8% | \$9,262 |
| >14 | 5.7% | \$5,009 | 71.7% | \$51,000 |



Average Total Loss Claim Cycle Time (Days)



■ Date of Loss to Claim Filed Date ■ Claim Filed Date to Settlement Date