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Marching Forward:

Right to Appraisal Bill Moves Ahead

ABAT's Albert Salinas Gears Up

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Marching Forward: Right to Appraisal Bill Moves Ahead

Texas legislators are taking significant strides to require the Right to Appraisal be included in every Lone Star insurance policy!

When insurers refuse to reimburse consumers for the cost of safe and proper repairs, policyholders' best method of recourse is to invoke the Appraisal Clause whereby two independent appraisers attempt to agree on a fair value; if they cannot come to an agreement, an umpire is selected to cast the final, binding decision. The Right to Appraisal (RTA) saves consumers from the need to engage in costly and time-consuming litigation, but tragically, this vital protection is not available to every policyholder in Texas.

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.

For the last two legislative sessions, ABAT leaders – along with consumer advocates like Texas Watch, Robert McDorman (Auto Claim Specialists) and others – have been storming the ramparts of the Capitol to educate policymakers on the importance of the Appraisal Clause, urging them to pass legislation that will mandate the inclusion of Right to

Appraisal in *every* policy.

It finally seems like these efforts are falling in line as this year's Fair Appraisal bill is parading triumphantly right through the process! Senate Bill 458 (SB 458) seeks to ensure that all Texas insurance policies "must contain an appraisal provision" and specifies that this appraisal provision "is intended to provide a type of dispute resolution process solely to determine the amount of loss when that amount is in dispute between the policyholder and the insurer." (The bill is available in its entirety, along with updates on its progress, at bit.ly/RTA-SB458.)

Pre-filed in November 2024 by Senator Charles Schwertner (R-District 5), SB 458 includes similar goals and language as the bills proposed in the last two legislative sessions; however, it differs from previous submissions by applying to appraisal processes in personal automobile **and** residential property insurance policies.

It also diverges from the norm when it comes to the pace it's setting as it makes its way through the Capitol – and in terms of the various entities voicing support for this endeavor!

The 89th legislative session opened January 14, and SB 458 received its first reading mere weeks later when the Senate



ABAT members on Capitol Day

referred it to the Committee on Business and Commerce, which took public testimony in a March 27 hearing.

For the third time, McDorman, a public adjuster, testified in support of mandatory appraisal rights, giving an illuminating explanation of the importance and necessity of the Appraisal Clause. It was no surprise to see him joined by Ches Bostick from the Texas Association of Public Insurance Adjusters (TAPIA) and consumer advocacy group representatives; Texas Watch's Executive Director Ware Wendell and Ann Baddour of Texas Appleseed both spoke in favor of mandatory appraisal rights.

What *was* shocking was the testimony provided by three individuals representing insurers' interests – Scot Kibbe (American Property Casualty Insurance Association), John Schnauts (Insurance Council of Texas) and Beaman Floyd (Texas Coalition for Affordable Insurance Solutions) all spoke in support of SB 458!

Moreover, according to Floyd, "Insurers like the appraisal process. That's why it's voluntarily in most of the policies in Texas. We think it is a good dispute resolution system and a good way to head off everybody having to spend a bunch of money in the courthouse and get a fair settlement."

Although the Appraisal Clause resolves disputes between policyholders and their insurance carriers, body shops often seek to educate consumers about this right to ensure their customers are being fairly compensated for their loss, and as such, Manuel Rubio (Miracle Body and Paint; San Antonio) represented the interests of the collision repair community during the public hearing.

The result? SB 458 received 11 ayes and zero nays from the Committee on Business and Commerce!

Upon a second Senate reading on April 9, SB 458 passed to engrossment by a vote of 29:0. Senator Schwertner pressed for the bill to receive its third and final hearing, and upon another unanimous vote, SB 458 passed the Senate and was swept along its way to the House.

Following its first House reading on April 17, the bill has been referred to the House Committee on Insurance, where it



ABAT's Jill Tuggle with Rep. Josey Garcia (District 124)

was scheduled for public hearing on April 23, as of the time of this writing. But as quickly as mandatory Right to Appraisal is marching along this legislative session, who knows where it will be by the time this copy of *Texas Automotive* reaches readers' hands?!

"I think we're going all the way this year," McDorman predicts. "Now that we have unanimous support from the adjusters, ABAT, body shops and the insurance industry, who recognize that the Right to Appraisal is valuable for all parties in the claim process, we're forging ahead to protect Texas consumers. The Appraisal Clause isn't anti-insurer – we want insurers to make a reasonable profit, but we don't want consumers to be taken advantage of."

"Fair appraisal is about more than simply finding a number; on repair disputes, it's far deeper because it gets into the methodology of repair and often involves safety issues that carriers are refusing to reimburse," he continued. "If it's not fixed, corners can get cut,

and people can get hurt. So far, it's progressing quite nicely, and I'm hopeful that legislators will listen to our pleas this session."

"We've seen a lot of progress and garnered increased support for mandatory Right to Appraisal over the last two legislative sessions, but I've never seen this kind of rapid movement on a bill!" ABAT Executive Director Jill Tuggle exclaims. "I'm more confident than ever that this is the year – Texas consumers deserve this protection, and it seems like legislators are really stepping up for their constituents!"

Tuggle credits McDorman and his legislative team, Wendell, ABAT President Burl Richards and ABAT Lobbyists Jacob Smith and Jesus Moreno of Longleaf Consulting for the positive momentum. "They've been working diligently to protect Texas consumers' Right to Appraisal for years, and we could have never made it so far on this journey without their tireless devotion."

Of course, while the aforementioned individuals have been leading the parade, they are not alone in beating the drum for mandating inclusion of the Appraisal Clause in all insurance policies. In fact, dozens of collision repair professionals visited Austin the day before the Senate Committee's public hearing to advocate on behalf of Texas drivers.

"I was grateful to see so many folks show up – their willingness to take time away from their businesses and drive hours to Austin proves just how important Right to Appraisal is...and it demonstrates their commitment to doing the right thing," Richards praises those who participated in ABAT's 2025 Collision Day at the Capitol.

continued on pg. 18



ABAT leaders and supporters assemble during Collision Day at the Capitol

continued from pg. 17

"It was great to see those who came out," Tuggle offers, though she admitted to being a little disappointed at the lack of new faces. "We've got some great people who are very supportive of ABAT's goals, but it's sad that more people don't participate because these efforts affect all of us. They're really missing out because it's so empowering to know that we're doing something that makes a difference."

And these efforts truly have an impact. "Legislators and their staff don't fully understand how the Appraisal Clause works," Tuggle notes. "They need us to explain it in terms they can understand, so they can make informed decisions; it's inspiring to watch the impact we're making as the light of understanding dawns. When their constituents drive hours to raise awareness about these bills, legislators truly embrace the gravity of what we're talking about."

"Everyone gathered to visit the Senators and Representatives from our districts to educate them on why fair appraisal is imperative for their constituents, and we received a lot of positive responses," Richards recounts the day's events. "Passing this bill is in the best interests of Texas consumers; if they're involved in an accident and there's a dispute about the necessary repairs and their associated costs, this avenue allows them to be made whole without the expense of hiring an attorney."

"Appraisal ensures that policyholders are receiving fair reimbursement in the event of a loss, and legislators seem to understand that now," McDorman adds. "The difference between

our first visit to the Capitol to discuss mandatory Right to Appraisal and this year's event is overwhelming! Legislators were very interested and engaged. They asked a lot of great questions, but many of them already knew a good amount about the topic. Many of them read *Texas Automotive*, so that's been helpful in educating them, and I'm excited to report how supportive most of them appeared to be."

"A lot of folks already knew more about appraisal than when we first started, which just goes to show how much work has already been put forth to make this happen this go-around," Richards agrees. "The fact that the bill has already been voted out of the Senate speaks volumes!"

"It was exactly the push we needed to make, and I'm so excited to see the success we're having this year," Tuggle concurs. But the band hasn't stopped playing; the march toward passing SB 458 is not yet over.

ABAT encourages collision repairers and consumers to sign the petition at texaswatch.org/insurance-reform and 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 SB 458.

Stay tuned to Texas Automotive for more updates on SB 458 and on ABAT's Safe Repair bill (SB 1429) as they become available!

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TEXAS GETS CLOSER TO MANDATORY RIGHT TO APPRAISAL

Dear Mr. McDorman,

I own and operate a collision facility in Southeast Texas. I have been following the editorials on the Texas appraisal bill and appreciate everyone's hard work on this important issue. Our clients really need this bill to be signed into law. Can you please provide an update? I am sure a lot of readers are on the edge of their seats like me. Besides updating where we are at in the process, how do you feel things are going?

Thank you so much for keeping up with the journey for mandatory appraisal rights in Texas for all motor vehicle policies. On April 23, I was at the Capitol in Austin to testify before the House Insurance Committee. The hearing went very well, and no one opposed the substitute SB 458 Mandatory Appraisal Bill. It is my understanding SB 458 will be voted on next week. I believe there will be a favorable vote to move the bill forward.

On Thursday, March 27, I was asked to attend the Senate Business & Commerce hearing on the Mandatory Appraisal Bill SB 458. As in the April 23 hearing, all testifying principles agreed to the bill and commended Senator Schwertner for bringing all the principles to the table to agree on this necessary and critical bill. Days later, SB 458 had a unanimous vote to move the bill forward.

Today, as I answer your question about our status on mandatory appraisal rights in Texas, I feel better about the mandatory appraisal bill getting to the Governor's desk than ever before. I, along with many other individuals, have spent many hours over the last eight years educating law makers, lobbyists and interested parties about why mandatory appraisal rights are best for all parties on motor vehicle claims in Texas. I can clearly see that our hard work has paid off by the interest and questions I receive from lawmakers, lobbyists and interested parties. We should always keep at the front of our thoughts the maxim that "safe repairs save lives."

ABAT lobbyist Jacob Smith has done a wonderful job working with lawmakers and lobbyists over the years to get us where we are today. Our lobbyist at Auto Claim Specialists, Andrew "Drew" Graham, has also done an amazing job educating and working with lawmakers and other lobbyists on the importance of mandatory appraisal rights in motor vehicle policies in Texas. I cannot say enough good things about these two men and their desire to help the insured citizens of our great state guarantee and secure their critical contractual Right to Appraisal. I love them both and commend their dogged determination to watch over and protect the insured Texans' interest relating to a covered loss.

The under-indemnification in repair procedure claims in Texas is rampant. Most of the estimates and supplements we see for repair

claims have 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. Limiting or removing the insured's right to appraise a repair procedure is a serious safety issue. 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.

Our position at Auto Claim Specialists is that the Right to Appraisal should be a mandatory contractual right in every policy. 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.

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 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.



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.

Sincerely,
Robert L. McDorman
TXA