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MANDATORY RTA: ONE STEP FROM THE FINISH LINE

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MANDATORY RTA: ONE STEP FROM THE FINISH LINE

The checkered flag is in hand, and Texas consumers are positioned to win as Mandatory Right to Appraisal nears the finish line!

SB 458 has received favorable votes from both the Senate and the House, and it is now on its way to Governor Greg Abbott's desk!

The race to mandate inclusion of the Appraisal Clause in all Texas policies has been a long one, littered with many obstacles, but fans are cheering as it looks like the 89th legislative session will be the last lap in the battle to preserve this vital consumer protection.

Authored by Senator Charles Schwertner (R-District 5) and sponsored by House Representative Jay Dean (R-District 7), SB 458 was pre-filed in November 2024, and following its first reading in the Senate a mere three weeks after this legislative session opened, it was referred to the Committee on Business and Commerce. Following a public hearing where testimony was provided in support of mandating appraisal rights (recap at [grecopublishing.com/txa0525coverstory](https://www.grecopublishing.com/txa0525coverstory)), committee members unanimously voted to move the bill forward as substituted.

The second Senate reading occurred the very next week, passing to engrossment by a vote of 29:0. Rather than allow any delays, Senator Schwertner pressed the Senate to hear the bill a third and final time, and upon another unanimous vote, SB 458 passed the Senate on April 9 and was rushed along to the House the following day.

Following its first House hearing, SB 458 was referred to the House Committee on Insurance, which held a public hearing on April 23. Committee Chair Jay Dean opened the conversation: "For a long time, appraisals in residential and personal auto policies were the norm. About a decade ago, some companies began removing these provisions. Recently, OPIC [the Office of Public Insurance Counsel] made a legislative recommendation to preserve the consumer rights to invoke appraisal in dispute resolution."

SB 458 "preserves the right to an appraisal provision insurance

policies for both personal home and auto," Dean continued. "I believe appraisal provides a less expensive, more efficient alternative to litigation to settle the amount of loss; this means someone should be able to get their car fixed sooner after a collision, or their home restored sooner after a storm, and less litigation means lower cost for all of us consumers."

Consumer advocate Robert McDorman (Auto Claim Specialists) provided testimony and documentation related to the immediate pecuniary benefits for Texas consumers invoking Right to Appraisal. "In 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 (TDI) 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 an average increase of \$6,568 for repair procedure appraisal disputes and \$3,964 above the carriers' final offer for total loss claims."

Addressing a question about the length of time it takes for appraisal to come to a conclusion, McDorman praised the time triggers included in the original version of the bill. Ware Wendell (Texas Watch) and Craig Eiland (Texas Trial Lawyers Association) stressed the importance of the bill's time triggers and recommended adding references to the time in which the appraisal must be commenced to prevent either side from "misusing the process to [cause] delays," Wendell suggested.

Testimony was also heard from Albert Betts (Insurance Council of Texas), who expressed the belief that SB 458 "presents a balanced approach."

In early May, the Insurance Committee adopted the substituted bill without objection, unanimously voting to report favorably to the House with a recommendation to pass.

Racing along, SB 458 received its second hearing before the full House with Representative Dean expressing the belief, “This bill is good for Texas consumers and predictable for Texas insurers.” With an unanimous vote of 143:0, the mandatory appraisal rights legislation raced forward to its third House hearing, again receiving a unanimous vote. Representative Cody Harris (R-District 8) broke into a giant smile as he announced, “There being 143 ayes and zero nays, Senate Bill 458 is finally passed!”

SB 458 then returned to the Senate for a final vote on the changes added by the House, which were “minor or nonsubstantive,” according to the official analysis. In addition to revising one deadline from September 2025 to January 1, 2026, “The substitute clarifies that the requirement of the engrossed for an appraisal award to be made in substantial compliance with the applicable insurance policy applies to the appraisal clause of the insurance policy.”

Such minute updates did not impede the legislation’s rapid progress as the Senate concurred with the changes and pushed the bill toward the red ribbon at the finish line that is the governor’s desk where a mere signature will cause SB 458 to go into effect on September 1, 2025!

Although SB 458 has sped along its journey through the Capitol this session, the path to persuading Texas lawmakers of the need for Mandatory Appraisal Rights has not always been so smooth.

McDorman has been championing the importance of the Right to Appraisal for nearly a decade. After TDI permitted State Farm to eliminate the Appraisal Clause from its Texas policies in 2015, he began sounding the alarm, attempting to warn legislators – and anyone else who would listen! – about how this practice could negatively impact policyholders. Intent on amending the Texas Insurance Code to add provisions mandating every automotive insurance policy include an Appraisal Clause, ABAT lined up alongside McDorman to effect change; however, what they hoped would be a sprint turned into quite a marathon.

The 2021 version of the bill started strong but lagged in the final moments, dying in a Senate committee. In the last session, it gained traction and made it to the home stretch; however, although it was voted out of committee and added to the House’s intent calendar, “it was a casualty of the clock,” Wendell laments, expressing the hope that this time, “we can make it across the finish line and get it to the governor’s desk because it’s going to help a lot of consumers.”

As SB 458 enters the last leg of the 2025 race, it’s rewarding for those involved to see the increased size of the crowd cheering their support. “Eight years ago, legislators didn’t believe there was a need for mandatory appraisal rights,” McDorman recalls. “They hadn’t heard anything about it and couldn’t be convinced that it was a problem that needed their attention.”

His refusal to throw in the towel is finally paying off. “Now, they all understand how this provision protects their constituents, and I commend them for doing what’s right for all Texans, to help ensure safe roadways. Unanimous votes in the Senate and in the House...we’ve come a long way, and we’re so close to the finish line!”

ABAT President Burl Richards also expresses excitement as they round the final bend. He remembers the meeting with TDI

that inspired him and McDorman to enter the track “like it was yesterday. As soon as we left, I said, ‘We have to get legislation passed to make it mandatory, or every insurance company will try to take it out of their policy, like State Farm did.’ And we’ve been working on it ever since. There’s one hurdle left, but I’m confident we’re going to clear it without a problem because we’re doing the right thing for the right reason. Mandatory appraisal rights prevent insurance carriers from taking unfair shortcuts, from taking advantage of policyholders; it levels the playing field.”

“This is the furthest we’ve gotten, and I cannot wait to celebrate the victory!” ABAT Executive Jill Tuggle contributes, praising those who’ve put in the work to make it all happen. “There’s no way we’d be here, waiting to break through that legislative ribbon, if not for the tireless devotion of Robert, Burl and Ware, along with countless others, including ABAT Lobbyists Jacob Smith and Jesus Moreno of Longleaf Consulting. They deserve all the applause for ‘training’ day in and day out for years to make this happen...and once SB 458 passes, they’ll be sharing the ‘prize’ with all Texas drivers and body shops.

“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,” she stresses. “We’re so close to victory – a victory that allows us all to be winners!”

*Stay tuned to Texas Automotive as we anxiously look forward to announcing a much-needed change to the Insurance Code that will protect all Lone Star consumers. **TXA***



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WHAT ARE THE LATEST DEVELOPMENTS WITH TEXAS' MANDATORY RIGHT TO APPRAISAL JOURNEY?

Dear Mr. McDorman,

I own and operate a collision facility in North Texas. I, like many readers, have been following the editorials on the Texas Mandatory Appraisal Bill journey and appreciate everyone's hard work on this important consumer protection issue. I am pleased to see this important Mandatory Appraisal Bill seemingly making serious progress through the Capitol. Can you please provide another update on where we are in the process, and your expectations on whether it will finally be passed?

Thank you and many other readers so much for keeping up with the journey for mandatory appraisal rights in Texas for all motor vehicle policies. The support has been amazing and heartwarming. On May 20, the Texas House of Representatives had the third reading of SB 458, and the vote was AYE 143 and NAY 0. The Mandatory Right to Appraisal Bill SB 458 was unanimously voted out of the House. The legislative support behind SB 458 is emotionally overwhelming for me. It is so obvious our voices have been heard.

SB 458 will now go over to the Senate to vote on the added changes from the House. The changes are minor, such as moving a September 2025 deadline to January 2026 and negligible revisions in the Appraisal Clause wording. As I write this, I am unsure when the Senate will be asked to concur with these changes but hope to find as soon as possible to keep everyone updated.

Today, with great pride, I can say that my expectations have soared over the passage of SB 458 Mandatory Right to Appraisal Bill in Texas. We are *one step away* from seeking the Governor's approval for SB 458! I, along with many other dedicated individuals, have spent many hours over the last eight years educating law makers, lobbyists and interested parties about why mandatory appraisal rights benefit and protect all parties involved in 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 such as yourself about this important subject. We should always keep at the front of our thoughts that "Safe Repairs Save Lives." As reflected in the overwhelmingly positive House vote noted above, our legislators here in the great State of Texas also want safe repairs for all Texans.

The Auto Body Association of Texas (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 concerning mandatory appraisal rights. 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. The limiting or eliminating the Right to Appraisal by the insurance carrier in a repair procedure dispute would be the nail in the coffin for safe roadways in Texas.

Our position at Auto Claim Specialists has always been 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.

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