

MANDATORY RTA ACHIEVED! ABAT CELEBRATES BIG WIN FOR TEXAS CONSUMERS!

The official publication of the Auto Body Association of Texas (ABAT)

TEXAS AUTOMOTIVE™



July 2025
\$5.95

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MANDATORY RTA ACHIEVED! ABAT CELEBRATES BIG WIN FOR TEXAS CONSUMERS

Winners never quit, and that certainly stands true for the ABAT community – June 21, 2025 will go down in history as the day the ABAT community saw their fight for mandatory appraisal rights for consumers come to a close as Senate Bill 458 was adopted into the Texas Insurance Code and made into law!

SB 458, which 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,” will go into effect on September 1, 2025. (Read the bill in its entirety at bit.ly/SB458text.)

ABAT leaders are thrilled to have seen this legislation go all the way to the finish line.

“They say ‘the harder the battle, the sweeter the victory,’ and that is so true about this long-awaited win for Texas consumers,” exclaims ABAT Executive Director Jill Tuggle. “It certainly was not an easy road by any shape or means. Many obstacles stood in our way, but no matter how many times we got knocked down, we stood right back up and kept pushing forward with our quest to get this mandatory Right to Appraisal, so consumers have a fair shot toward getting reimbursed fairly. We are so grateful to our amazing team for putting in countless hours, blood, sweat and tears into getting this law passed.”

It was a group effort to get this law passed; however, there was one man whose battle cry was heard far and wide – Robert McDorman, founder of Auto Claim Specialists, whose devotion to ensuring the safety of roadways in the Lone Star State inspired him to take up a slingshot in this iteration of the classic “David versus Goliath” showdown with ABAT standing beside him the whole way.

The war against the Appraisal Clause began in 2015 when State Farm removed this vital consumer protection from their Texas policies. McDorman took up the mantle and began sounding the alarm through meetings with the Texas Department of Insurance (TDI) to alert them to the potential dangers that such an action presented to drivers and their roadways. Bills proposing mandatory appraisal rights were presented in the 2021 and 2023 sessions, but

both times, the session ended before a conclusive vote; however, the third time was the charm!

McDorman is ecstatic that all Texas policyholders will soon have access to the vital protection of Right to Appraisal, and he “looks forward to the next step, working with TDI to establish guidelines and appropriate time triggers.”

Over the years, ABAT has stood shoulder to shoulder with McDorman, providing pecuniary support and volunteering time and energy to promote all three iterations of the proposed mandatory appraisal legislation. In addition to significant personal financial contributions, ABAT President Burl Richards joined McDorman in several meetings with TDI and appearances before legislative committees to express the significance of this undertaking. Consumer advocacy watchdog Texas Watch also offered valuable support throughout the process through its efforts to generate public awareness, help educate legislators and the compilation of *Impact of Auto Appraisal* (available online at bit.ly/TXW-RTA), a report that demonstrated the monetary effect that Right to Appraisal typically has on claim settlements.

“We are so excited about the passage of this bill,” proclaims Richards, who added that it came down to the diligence of everyone involved. “It was an eight-year process with a lot of people involved. It was a collaborative effort between the entire ABAT association, along with Robert McDorman, our lobbyist Jacob Smith and Texas Watch. We couldn’t have done any of this without the ABAT members who donated and contributed their time and efforts, and I especially acknowledge the work of the ABAT Board of Directors who were a really big part of this.

“I remember leaving that meeting with TDI all those years ago stating we need to get a bill passed, but it was everyone combined who made it happen,” Richards continues. “There would not be a bill if just one person was involved. We were determined; we put our heads down and kept on learning about the whole legislative process to get it done.”

SB 458, the 2025 iteration of this legislative initiative, was fast-tracked through the process, obtaining unanimous approval from both the Senate and the House during every review.

That’s a far cry from eight years ago when “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.”

Legislators’ disinterest did not dissuade him from this mission. McDorman continued to beat the drum for mandatory appraisal, meeting with TDI five times and appearing before various legislative committees a total of eight times to educate them on the impact of the Appraisal Clause. “Every time someone told me ‘no,’ I pushed forward. I refused to believe it was a waste of time.”

His efforts did not go unheard as it led TDI to acknowledge the need for legislators to “establish policy form appraisal guidance” in its *2022 Biennial Report*, and in its *Report to the 88th Texas Legislature*, the Office of Public Insurance Counsel



(OPIC) expressed increasing concern that “restrictions on appraisal in policy forms filed by top insurers [which] can adversely impact consumers, who buy insurance to make sure damage to their property will be repaired or replaced” and that without appraisal, consumers may be forced to pay out-of-pocket or take on “costly and time-consuming burden of going to court.” OPIC reiterated those concerns in its *Report to the 89th Texas Legislature*, listing appraisal as its first recommendation and urging legislators to “amend the Texas Insurance Code to require personal auto and residential property insurers in Texas to preserve the insurance consumer’s right to invoke appraisal in disputes regarding the cost to repair or replace covered property.”

McDorman also humbly credits the passage of SB 458 to Joe Collins, whose experience with the appraisal process yielded a large settlement from State Farm. (See bit.ly/CollinsvSF.) Recognizing how detrimental a similar under-indemnification situation might be for others, especially those who do not have the protections provided through the Appraisal Clause, Collins donated his entire settlement to the fight for mandatory appraisal rights. (See bit.ly/Collins4RTA.) “Many people helped us get to where we are, but Joe’s donation was instrumental to building that momentum,” McDorman insists. “I’m gratified by the passage of the bill which demonstrates that I was a worthy steward of his trust.”

“The devil is in the details,” he adds. “Every time I shared information, I had the evidence to support it. The insurance industry tends to be a little less transparent with their reporting, which provides the opportunity for dishonesty and undervaluation; I put a microscope on that practice and demonstrated how often policyholders get cheated. Now, all of our legislators understand how this provision protects their constituents, and I commend them for doing what’s right for all Texans, to help ensure safe roadways. The fact that the vote was unanimous from the House and the Senate – across both sides of the aisle – proves what a great job we did educating them on how the Appraisal Clause is a vital mechanism to ensure vehicle owners are reimbursed for all the operations required to safely repair their cars.”

He equates this legislative victory with the concept of slaying a giant. “We went up against really big odds; the insurance industry has deep pockets which enables them to walk all over people most of the time. Often, that happens because we are afraid to fight them; we’re afraid to lose. But when you’re doing the right thing for the right reason, it’s worthwhile to keep going, to continue the fight to make a difference. That’s what we did, and our efforts paid

off – this was the people’s fight...and the people fought and WON!”

ABAT’s achievement is not only a win for consumers but for the collision repair industry, as well, Richards says. “We get calls from people asking why they should join the association and what the association can do for them. The auto body association got legislation passed on behalf of body shops in the entire state, so this is a really big deal for us.” **TXA**



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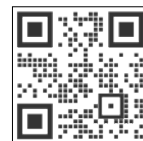
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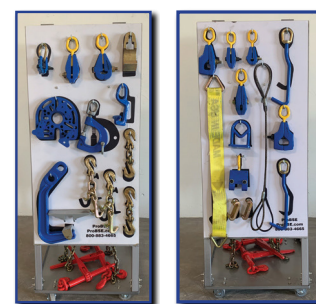
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TEXAS MANDATORY BINDING RIGHT TO APPRAISAL RIGHTS BECOMES LAW

Dear Mr. McDorman,

I own and operate a collision facility in East Texas. I, like many readers, have been closely following the editorials on the Texas Mandatory Appraisal Bill journey, and I appreciate everyone's hard work on this important consumer protection issue. I saw over the weekend that the Mandatory Right to Appraisal Bill SB 458 was approved to become law in Texas. Can you expand on this for me and the other readers? Also, what are the next steps?

Thank you and the many other readers so much for keeping up with the campaign for mandatory appraisal rights in Texas for all motor vehicle policies and for everyone's support in this long but worthwhile journey. Yes, SB 458 was e-filed and passed into law on the afternoon of Saturday, June 21. The passing of SB 458 will amend the Texas Insurance Code to require each auto policy in Texas to have a binding Appraisal Clause for loss disputes. This requirement will apply to any insurance policy delivered, issued for delivery or renewed on or after January 1, 2026.

The next step in the process will be for Commissioner Brown to adopt rules mandating an appraisal for total loss and delineating property damage subject to the appraisal and the period of appraisal. Also, Commissioner Brown must consider the qualifications and selection criteria for appraisers and umpires for the appraisal. There is still much work to be done, and we all know that the devil is always found in the details. Everyone should remain vigilant and keep a close eye on how the mandates of SB 458 get implemented.

The passing of SB 458, ensuring that all Texas motor vehicle insurance policies will have a binding Appraisal Clause, is a wonderful step forward for consumer rights. I applaud lawmakers for passing this bill into law during the 89th legislative session. Our position at Auto Claim Specialists has always been that the Right to Appraisal should be a mandatory contractual right in every policy, and we are thrilled with the successful passage of SB 458.

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 law makers 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 to achieve 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. Now, with the passing of SB 458, when a dispute arises over the loss on a motor vehicle claim, there will be a binding Appraisal Clause in the policy allowing these disputes to be turned over to industry professionals to determine the loss.

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