

# TEXAS

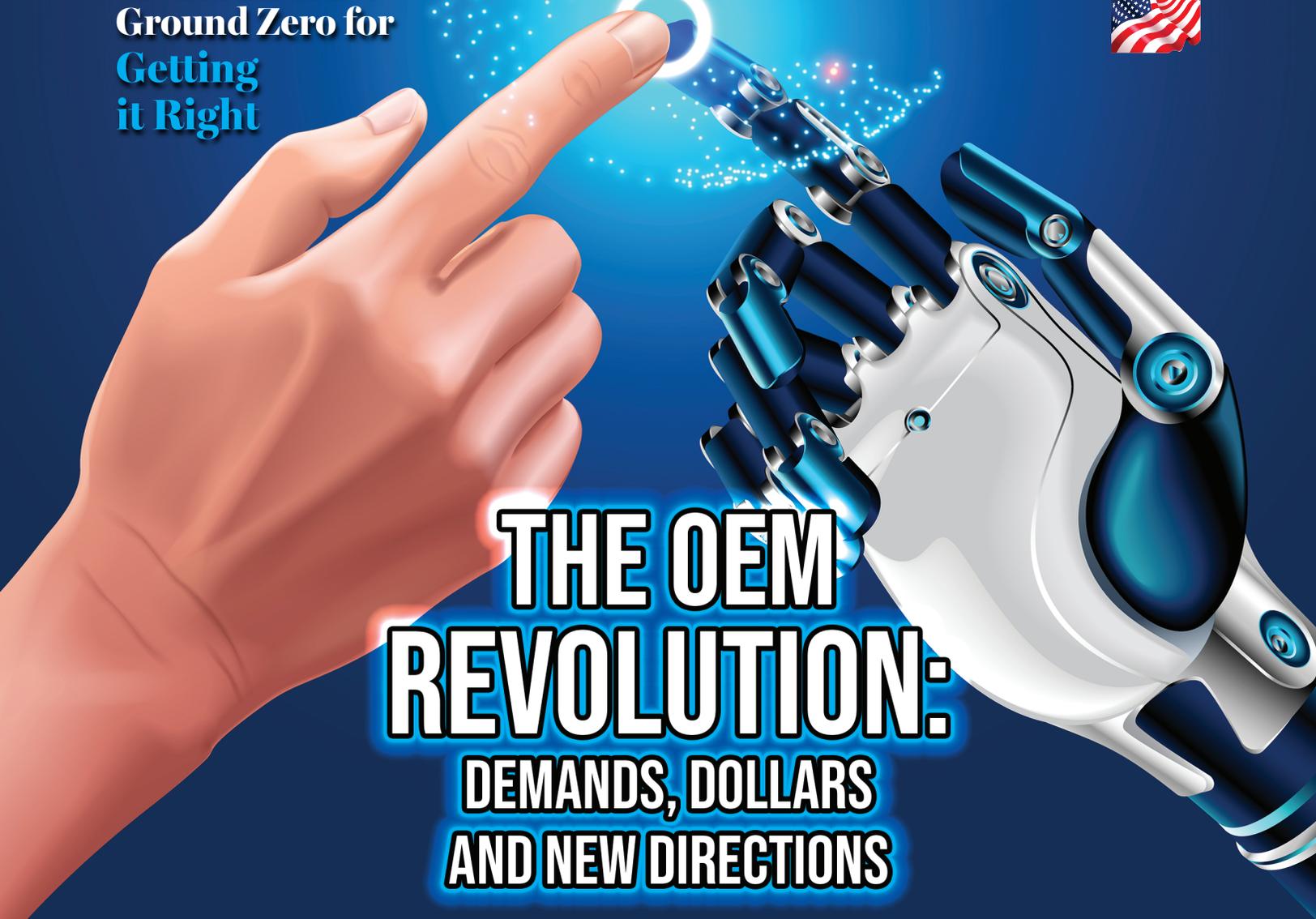
# AUTOMOTIVE™

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**TEXAS:**  
Ground Zero for  
Getting  
it Right



**THE OEM  
REVOLUTION:  
DEMANDS, DOLLARS  
AND NEW DIRECTIONS**



Robert is a recognized Public Insurance Adjuster and Certified Vehicle Value Expert specializing in motor vehicle-related insurance claim resolution. As the general manager of Auto Claim Specialists, Robert expertly leads this National Public Insurance Adjuster Agency, which is currently licensed in 11 states and specializes in providing automotive-related claim liquidation techniques, strategies and motor vehicle valuation services to all parties, including individual consumers, body shops, auto dealers, repair facilities, towing and storage operations, lenders, finance companies, banks, legal professionals, governmental agencies and others. The firm's consistent success can be attributed to Robert's 35-plus years of automotive industry knowledge, practical hands-on experience and multiple certifications, including licensure by the Texas Department of Insurance as a Public Insurance Adjuster. Auto Claim Specialists clients can absolutely trust that they will be provided with analytical, sophisticated, state-of-the-art, comprehensive, accurate, unbiased and up-to-date data and information that all parties can rely upon as both factual and objective.

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## FIGHTING BACK AGAINST SHORT-PAYS

Dear Mr. McDorman:

I own a collision facility in San Antonio, and we have no DRP agreements. Our business model is simple and straightforward: "The OEM Way is the Right Way." We understand and respect that we have a moral obligation to our clients and their families to perform the safest repair as humanly possible. Returning the vehicle to anything less than its complete OEM pre-loss condition is not an option. We have found ourselves in a position where it is no longer economically possible to perform collision repairs the safe and proper way by only accepting the insurance carrier collision estimate as the method of payment for our work. We see our options as the following:

- Continue to perform all operations and procedures required by the OEM and present our clients with a balance over and above the insurance carrier estimate for our OEM blueprint repair plan
- Use an Assignment of Proceeds agreement that would allow us to proceed against the carrier for the deficit between the carrier collision repair estimate and our OEM blueprint repair plan required to return the vehicle back to its OEM pre-loss condition
- Continue to accept the insurance carrier collision estimate as full payment against our OEM blueprint repair plan for the safe and proper repairs completed and absorb the deficit into our operating expenses.

My question is this: There is no doubt that some of your clients deal with the same dilemma. How do they overcome this debacle, perform safe and proper repairs and maintain a loyal client base?

This is a great question that deserves a thorough response. We see this sensitive issue in every state we are licensed to operate. I commend you on your business model. As you see, doing the right thing has challenges. I observe many collision facilities and have seen many different operating plans over the years, with some more successful than others. One of the most successful operating plans to combat the unsupported insurance carrier collision estimate is *education, education, education*.

The successful collision facilities that embrace education for their personnel and clients are chipping away at these unsupported insurance carrier collision estimate obstacles. The client should always be educated and involved in every aspect of the OEM blueprint repair plan for their vehicle. Once the client is involved and understands what the carrier is or is not paying for, they become the collision facilities' best ally and can help influence that insurer's decision as to what is best. The true bill payer is the insured or the claimant; educating them on a safe and proper repair is the quickest way to get paid for the required operations and procedures. It has been my experience that if we can justify, support, prove and document why a specific part, procedure or operation is needed, we will be paid. Education is paramount in the explanation and understanding of why a specific part, procedure or operation is required.

I once heard a very wise man say, "If you don't write it down, it did not happen." It is important to list every part, fastener, operation and procedure that was performed in the OEM blueprint repair plan on your final invoice. If there are any adjustments or concessions to the final invoice, they should be itemized, explained to the client and signed off on by all parties. This exercise alone will make you and



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your staff realize what you are (or are not) being properly paid for. This process will identify what you and your staff need to work on through training and education to ultimately get paid. What gets checked gets done. Remember that “no” is not forever; “no” is just for now. If we don't ask for it again and again, we will not get paid for the required work we do. It is imperative that we educate our staff as to why we need what we ask for to perform a safe and proper repair. Education opens doors today that were closed yesterday.

In some cases, the Assignment of Proceeds method to receive payment for all parts, procedures and operations performed is successful. However, it is also slow and aggressive. When using this method to address short-pays, I strongly recommend each client fully understand they are giving the collision facility the right to use any legal means possible to collect on the invoice. It has been my experience that most clients forget over time what led them to enter into this agreement, and they can be easily swayed after the fact. When using this method, it is important to identify and prove each operation and procedure for which you seek

payment. At some point, you will have to swear under oath that what you have done or asked for was right. If this can be done, then what you are dealing with is an indemnity issue that could have possibly been addressed in the OEM blueprint repair plan. Most of the insurance policies in our library prohibit Assignment of Proceeds by the insured. In my professional opinion, the Assignment of Proceeds method should be used after all other options have been completely exhausted.

In closing, as you so well stated, we have a moral obligation to our clients and their families to perform the safest repair as humanly possible. Not returning the vehicle to its complete OEM pre-loss condition isn't an option. I truly believe that education is the proper path to full compensation for a safe and proper collision repair.

I thank you for reaching out and look forward to any follow-up questions that may arise.

Sincerely,  
Robert L. McDorman

TXA