

INSURERS NEED TO STOP PLAYING GAMES WITH APPRAISALS

Texas Watch has fought for the rights of consumers and taken on the insurance lobby at the Texas Capitol for over two decades. Auto repair professionals hear ridiculous excuses from insurance adjusters every day about why they can't pay for this part or that part or why they feel repairs don't need to be made as safely as the manufacturer requires. We've also seen a lot from the insurance industry throughout our time in this fight, but a new scheme takes the cake.

Appraisal clauses have been in insurance policies for over a century. The appraisal process is intended to resolve

The insurer can say, "This is our last and best offer. Take it or else we'll send this to appraisal." It doesn't matter if that offer is pennies on the dollar; the policyholder is now faced with additional expense and delay late in the dispute. That isn't right.

The flipside of that coin is when the policyholder invokes appraisal early in the process but the insurer comes back and says, "You should have started appraisal earlier. You waited too long. Too bad, so sad, but you have waived that right. The end." That isn't right either. You're damned if you do and damned if you don't. I think of it as a game of "pin the tail on the donkey" that



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disputes over the value or amount of a loss. It exists to help the policyholder and insurance company come to an agreement on things like the cost to repair or replace a damaged fender or roof after coverage has been established.

Problems arise when insurance companies play games with the timing of the appraisal process and use it as a weapon against unsuspecting policyholders. We have heard reports of insurers waiting until deep in the litigation process to invoke appraisal. Mind you, the policyholder has tried for months, or even years, to get the insurance carrier to pay their claim at that point. They have gone to the trouble of hiring an attorney and engaged in the discovery process where both sides exchange documents and information. Now, they may find themselves in court-ordered mediation.

the insurance companies force you to play – except they get to spin you around and around and around as much as they like before you have to hit the mark. This isn't the way insurance is supposed to work.

Insurance companies already have a lot of power over us. They write the policies and endorsements; we don't get to negotiate the contracts. We are forced to buy their products in order to drive legally on the roads we pay for. They control the claims process, and we have to pay in full for our premiums each and every time to get coverage. They hold the cards, and they hold our money.

Because of this, consumers need protection from abusive insurance tactics. The Texas Department of Insurance should take enforcement action against carriers that are weaponizing the claims and appraisal

processes. And we should have clear deadlines on when the policyholder or the insurance company may invoke appraisal. House Bill 4223 (authored by Rep. Yvonne Davis) during the last legislative session would have done just that, requiring parties to invoke appraisal within 60 days after notice of a dispute is given. That is the kind of clarity and common-sense reform we need in our law. Texas Watch strongly supported this legislation, helping it to clear the House Judiciary & Civil Jurisprudence Committee unanimously. We will support it again this session in the hope of getting it across the final finish line.

We pay 100 cents on the dollar for our insurance coverage, and we deserve full and prompt payment in return from our insurance companies. We don't need excuses and gamesmanship. Help us end these abusive insurance tactics by joining the fight.

Texas Watch is a non-partisan, non-profit citizen advocacy organization that fights for the rights of consumers. Ware Wendell is an attorney who serves as the organization's executive director. Learn more at TexasWatch.org and follow them on Facebook, Twitter, YouTube and Instagram.