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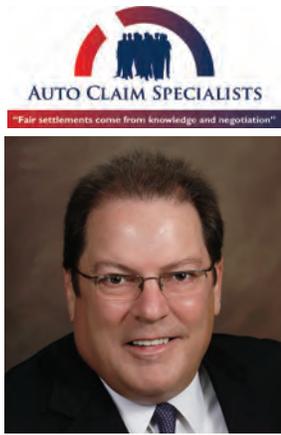
POSITIONING FOR THE FUTURE:

ABAT LOOKS FORWARD



- ❖ A New Approach
- ❖ The Perils of Photo Estimating
- ❖ Taking the Chance

“HAS COVID-19 LED TO INCREASED CARRIER PROFITS AT THE INSUREDS’ EXPENSE?”



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 over 25 different 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. Robert can be reached at (800) 736-6816, (817) 756-5482 or AskTheExpert@autoclaimspecialists.com.

Dear Mr. McDorman:

With the COVID-19 pandemic and social distancing policies, we are seeing many carriers refusing to send an appraiser to inspect the vehicle, instead relying on us to supply photos and estimates of the damage. We have to spend a considerable amount of time sending in additional information, photos and supplements only to be sent back an additional supplement that covers only a fraction of the required operations and parts needed to complete a safe and proper repair. These additional steps are not only an administrative nightmare, but it is also next to impossible to manage cycle times and our clients' rental expenses. I see this as a reduction in the carriers' expense and an avenue to slow down the claim process and increase carrier profits at the expense of their insureds. Have you experienced this situation with the claims you handle for the insured? If so, how have you resolved the loss dispute?

Thank you for your question, which is a particularly good one and is a serious problem in Texas. With the shelter-in-place orders and the slowdown in claims, one would have thought the claims-handling process would have improved. This is not the case, as we have instead seen the process worsen and our clients being under-indemnified and harmed at even

greater numbers than before the pandemic. Over the last several months, many carriers may have issued premium cuts in response to reduced driving, but they seem to be reducing their expenses even more by inspecting fewer vehicles, passing administrative expenses on to the collision industry and issuing repair estimates that do not support the loss. Of course, this shouldn't surprise anyone who is a regular reader of *Texas Automotive*.

We deal with this aggravating issue daily in our office from clients across the United States. However, we have noticed in the last 90 days, carriers in Texas have taken the refusal to inspect the vehicle due to COVID-19 to a new level. We have noted many instances where carriers are passing the blame for a slowdown in the claim process on to the collision facility. In these instances, the carriers have been issuing estimates from photos averaging only 20 percent of the required cost to safely return the vehicle to its pre-loss condition.

As an example, we were recently contacted by an insured with a 2018 GMC Sierra 2500. The date of loss was April 15 of this year, and the carrier's initial estimate of record dated April 23 itemized a repair estimate of \$8,873.19. The insured's certified repair facility had subsequently turned in all photos and documents and a repair plan for \$31,547.75. Well over 75 days since the date of loss and nine supplements later, a determination to repair or replace has still not been reached to resolve the loss

dispute. Our subsidiary, Vehicle Value Experts, has reviewed all photos and documents and concurs with the collision facility's repair plan as the actual loss. We have recommended to the insured to invoke their policy right of appraisal in contest of the loss. The insured has retained us to enforce their policy right of appraisal and see to it they are made whole.

In all situations like this case, the insured invariably runs out of rental coverage and is forced to cover this continuing expense – a loss from a covered accident – out of pocket. Most policies in Texas limit the rental coverage for 30 days. The slowdown of the claim process from the COVID-19 pandemic has affected this loss substantially. Fortunately, the right of appraisal in most policies (except for State Farm) allows the insurer or the insured to invoke their right of an appraisal when a dispute arises over the

covered repair costs. So, when the carrier issues an improper or unsafe repair plan, you and your client do not have to just accept it. The insured can invoke the policy right of appraisal and force the decision out of the hands of the unsympathetic carrier and into the hands of independent professional appraisers who understand the true costs of safe OEM repair procedures.

The under-indemnification in total loss and repair

The under-indemnification in total loss and repair procedure claims in Texas is rampant.

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The advertisement features a central laptop displaying the FindPigtails.com website. The website interface includes a search bar with the text "Search for any automobile connector by VIN, model/year part number or other keyword", a navigation menu with "Terminal Search", "Shop", "Resources", "Today's Deal", and "Contact Us", and a large yellow text overlay that reads "350,000 pigtails Connector, Pigtail? Ride with us!". Below this, there are dropdown menus for "Make", "Model", and "Year", each with a "Please select" prompt. A red button labeled "LOOKUP BY MODEL, YEAR" is positioned below these menus. Below the button, there is a section for "Or, search by VIN" with a text input field and a "LOOKUP BY VIN" button. In the top right corner of the website display, contact information is provided: "Give Us a Call: (844) 255-5899" and "Email Us: hello@findpigtails.com", along with a "Free Shipping" badge. To the right of the laptop, a robot character made of electronic components and wires is shown, holding a Captain America shield. The background of the advertisement is a blurred image of a car's engine compartment with various wires and connectors.

Ask the Expert

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procedure claims in Texas is rampant. We have been increasing the total loss settlement for eight out of 10 contacts who we end up retaining as clients an average of 28 percent. We have also reduced clients' out-of-pocket expenses by an average of 35 percent on repair procedure disputes, including the example provided in this answer. These under-indemnification percentages are staggering and harmful to Texas citizens.

The spirit of the **Appraisal Clause** is to resolve loss disputes fairly and in a timely and cost-effective manner. The invoking of 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 and 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 its 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 keep in mind that a 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.

Sincerely,
Robert L. McDorman

TXA



**LET US
TURN THEM
AROUND!**

HAVE YOUR
SALES
HIT A
**DEAD
END?**

Contact Texas
Automotive Sales
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(973) 667-6922
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To learn more!