

Why the Right to Appraisal Matters



During “Balls and Strikes” – one the best-attended courses during the 2021 Texas Auto Body Trade Show – Mark Olson of VECO Experts and ABAT Board member Robert L. McDorman (Auto Claim Specialists) guided attendees

through various aspects of the Right to Appraisal, commonly known as the Appraisal Clause.

Under general “Appraisal Clause” or “Right to Appraisal” provisions found in most auto insurance policies, if an insurer and a policyholder disagree on the amount of loss the insurer is willing to pay to settle a claim, either side can demand an appraisal of the loss. Each party selects a competent, impartial appraiser. An umpire reviews the actual case value and amount of loss submitted by both parties and reaches a binding decision on the amount of loss. Each party pays its chosen appraiser and bears the expense of the umpire equally. As regular readers of *Texas Automotive* have learned through McDorman’s monthly “Ask the Expert” feature, the Appraisal Clause is a powerful

consumer-protection tool regularly used by policyholders to address vehicle valuation disputes with insurers.

As explained in the presentation, erroneously low valuations often result in vehicles being deemed total losses when they could have been economically and safely repaired. In addition to depriving collision repair facilities of possible work, this practice can have an adverse effect on the motoring public.

“The policyholder is affected by being under-indemnified,” McDorman said.

Olson argued that some low valuations are the result of end-users obtaining information from estimating systems that have outdated databases.

“You go, ‘Oh, [the vehicle’s] gone,’ but it may not be, even though your computer says it is.”

Additionally, he noted that the Appraisal Clause enables insurers and consumers to place the ultimate decision over the dispute into the hands of an impartial third party.

“As an umpire, it’s not your personal opinion. It’s whatever the facts are, and you’ve got to call it the way it is.”



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