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CAN A POLICY'S RIGHT OF APPRAISAL RESOLVE THE SALVAGE VALUE DISPUTE BETWEEN THE INSURER AND INSURED?

Dear Mr. McDorman:

I own and operate a collision facility in North Texas. I attended your presentation at ABAT's Texas Auto Body Trade Show about "Repair or Replace Liability Realignment and the Insured's Contractual Rights." Each month, you help several of our clients resolve loss disputes with their insurance carriers. When the insurance carrier deems a vehicle an economic total loss, I routinely see Auto Claim Specialists increase our client's total loss settlement by thousands of dollars; however, I don't recall ever hearing you mention if the insured can invoke their policy's Right to Appraisal to contest a carrier's assigned salvage value. Can the dispute between the insurer and the insured over the salvage value be resolved under the Right to Appraisal?

Thank you for the referral of your clients to us over the years and for your excellent question. Yes, the salvage value dispute between the insurer and the insured can be resolved through the policy's **Right to Appraisal**. Just like you referenced above that you routinely see your client's total loss settlements increased by thousands of dollars, we routinely see salvage value disputes resolved through the Right to Appraisal for thousands of dollars under the carrier's factored salvage value.

The carrier arrives at their salvage value using a similar method as that used by market valuation firms to determine the adjusted vehicle value. Most carriers use Pro-Quote software to calculate the salvage value. The Pro-Quote valuation tool arrives at the salvage value by using the adjusted vehicle value listed on the market valuation report combined with the cost to repair. The Pro-Quote valuing methodology is extremely subjective - it's not a science. In some instances, the valuation error is significant enough to impact a carrier's settlement decision, and when that occurs, the **Appraisal Clause** can be invoked to arrive at a fair value for the salvage.

The spirit of the Appraisal Clause is to resolve loss disputes fairly in a timely and cost-effective manner. It is unfortunate that

insurance carriers are still not giving proper respect to this matter. Some have finally taken notice and now routinely participate in appraisal demands, but others remain remarkably obstinate.

The under-indemnification in total loss and repair procedure claims in Texas continues to run rampant. Besides the higher settlements for total loss clients averaging 28 percent above the carrier's undisputed loss statement, we have also reduced clients' out-of-pocket expenses by an average of 90 percent on repair procedure disputes. These under-indemnification percentages are staggering and harmful to Texas consumers and shops!

Please call me if you have any questions relating to the policy or covered loss. We have most insurance policies in our library. Always keep in mind: A safe repair is a quality repair, and quality equates to value. I thank you again for your question and look forward to any follow-up questions that may arise.

Sincerely,
Robert L. McDorman
TXA



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.