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TEXAS AUTO BODY TRADE SHOW

Beyond the Core:

Texas Auto Body Trade Show Evolves

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Repairers Speak Up for
RTA TRANSPARENCY

When Is It Time to
INVOKE APPRAISAL?

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by Alana Quartuccio

LONE STAR REPAIRERS SPEAK UP FOR RTA TRANSPARENCY

Nearly a decade of blood, sweat and tears have gone into advocating for mandatory appraisal rights in every insurance policy. Last year's passage of Senate Bill 458 was a huge victory, but it was only the first step. Since then, the Texas Department of Insurance (TDI) has been tasked with finalizing the rules of the appraisal requirements to be presented to the insurance commissioner for approval and the advocating for consumer rights has not stopped there.

While the bill intends to make sure consumers have the right to invoke the appraisal process, the rules under consideration would allow insurance companies to include vendor-based umpire selection methods in the policy which could potentially be a threat to the consumer as it compromises transparency.

As a result, there has been considerable opposition from the public over these concerns.

ABAT leaders along with Robert McDorman (Auto Claim Specialists) and other RTA champions have continued to pull together on behalf of Texas policyholders. They were joined by multiple stakeholders who came forward June 2 to testify at a public hearing before TDI Commissioner Amanda Crawford. The support did not stop there – 1,071 individuals submitted comments to TDI opposing the vendor umpire mechanism prior to the June 8 deadline for public comment.

McDorman pleaded his case before the TDI for the final time during the hearing.

He stressed that the language on the table could create a conduit for the insurance companies to systematically control appraisal outcomes and ultimately harm the insured. He asked TDI to consider what replacing a neutral judicial umpire system with a contractual vendor umpire system would do: "It will destroy the fairness and independence of the original intent of the appraisal process."

Policyholders should not be misled by policy language. McDorman pushed for a potential solution via three consumer protections that should be included if a carrier does choose to include a vendor based umpire mechanism in their policy. First, consumers should have a choice between a vendor selected umpire or judicial process. Second, if the vendor process is used, the umpire should not be tied financially to the insurer. Third, if the carrier's vendor umpire is chosen, the insurer must carry the costs.

"I would also like to echo that we need some accountability in these rules," McDorman expressed. "If the rules are broken or someone does not properly play by the rules, there should be harsh fines. Rules without punishment for offenders are only suggestions. If you want someone to obey the rules, hit them in their pockets, heavily!"

"As collision repairers, we are the ones liable for the repair," stated outgoing ABAT President Burl Richards. "We want to make sure this is a fair and transparent process not directed or dictated by the insurance company. Texas consumers pay their 'fair share' for premiums. They deserve a safe and proper repair without any additional out of pocket expense other than their deductible. My concern is that if the insurance company is in control of picking an umpire, they will continue the practice of systematically controlling the claims process by directing the third-party vendor/appraiser on what to and what not to pay for. I can assure you those conversations between the insurance company and the third-party appraisers have and do continue to happen."

Ware Wendell (Texas Watch) and David Bolduc (Office of Public Insurance Counsel) also took the microphone to echo that the vendor umpire mechanism should not be the default when the parties cannot agree on the appointment of an umpire.

"We're looking for a very efficient process that eliminates the gainsmanship," proposed Wendell.

Stay tuned to *Texas Automotive* for updates on the final resolution of the bill. **TXA**