

Watch Out For Motorcycles!!![®]

ISSUES RESOLVING PROPERTY DAMAGE CLAIMS

By Brad Souders

Q) Can my vehicle be repaired or is it deemed a total loss?

A) Florida has the 80% rule – if damages exceed 80% of the value of vehicle then it is a total loss. If it is a total loss, the insurance company owes you the actual cash value (ACV) plus sales tax. Some insurance companies make you wait until you have replaced the vehicle to pay the sales tax.

Q) What if it is a total loss and there is a lien holder?

A) The insurance company will contact the lien holder for the payoff, they will issue a check directly to the lien holder and pay you the balance- you can get into other problems if you are “over financed”. (Lien holders sell “gap insurance” for that purpose.)

Q) What if they think it’s a total loss but you want to keep the vehicle?

A) You can “buy” the salvage back but you have to request a “salvage title”. The insurance company will pay you the actual cash value (ACV), then deduct the salvage value and you keep it. The insurance company will pay the storage and towing charges

Q) Do “add-on’s” increase the value of the vehicle?

A) Only if they increase the “structural safety” of the vehicle—otherwise add-on’s are typically considered cosmetic only and are usually not compensable unless you can prove an increased value to the personal property, over and above the fair market value of the vehicle.

Q) If my vehicle is REPAIRABLE, am I entitled to “new” parts, or will the carrier only pay for used parts?

A) The carrier is only obligated to “put you in the condition” you were in before the accident, not better, not worse. They are obligated to use Like, Kind and Quality (LKQ) parts; therefore if your vehicle is not a new vehicle, they are not obligated to put new parts in an older vehicle. If they use new parts in an older model, they will depreciate the parts, (rule of thumb is 10% per year) and charge YOU the difference.

Q) Should I obtain my own repair estimates as opposed to going along with what the insurance company will pay for repairs?

A) A lot of insurance companies today have agreements with body shops to “send a volume of business their way” and pay directly to assure payment; therefore, they can obtain better repair costs. For comparative purposes, you may want

to obtain your own estimates, or consider doing repairs yourself and collect a check from the insurance company based on their appraisal.

Q) Should I put my property damage claim through the tortfeasor (at fault) carrier or go through my own carrier?

A) If the accident is based on clear liability, in other words, the other driver admits he was the total cause of the crash and his insurance carrier “accepts liability” and has adequate coverage to cover your loss, then it is wise to let the adverse carrier handle your property damage. If there is a liability issue (the other driver and his carrier allege you contributed to the accident), then it is wise to let your own insurance carrier (assuming you have collision coverage) handle the property damage. Once your carrier pays your property damage, over your collision deductible, they will “subrogate” (or pursue reimbursement) against the adverse carrier. Once they reach an agreement with the adverse carrier, you will receive all or a portion of (depending on their agreement with the adverse carrier) your deductible

Q) What contributes to the decision regarding liability?

A) Acceptance of liability is based on the conclusion of the investigation of the adjuster(s) involved. “Tools” which are used to determine liability are statements from each party involved, witness statements, scene investigation including photographs/diagrams, police report (ALWAYS FILE A POLICE REPORT), inspection of vehicles involved (they will be looking at the damages as well as point of impact to determine what “most likely” happened). FLORIDA IS A “COMPARATIVE NEGLIGENCE” STATE. In other words, the adjuster(s) “may conclude” that each party contributed to the accident; therefore, they will only offer settlement based on their portion of negligence. If both insurance carriers involved do NOT agree to liability, then Arbitration will be filed and a board of three (3) uninvolved members will look at all of the “evidence” and determine liability. This is legal and binding and each carrier must abide by their decision and pay their portion of the property damage claim.

Q) What is collision coverage?

A) This is a “first party” coverage which should be explained by your agent when purchasing your automobile insurance policy. It affords coverage for your described vehicle only for damages sustained in a collision and is subject to a deductible. You should consider the age and condition of your vehicle when purchasing this coverage. Some companies include the cost to rent a vehicle while



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an extra premium for rental coverage. This should be discussed with your agent when purchasing the policy.

Q) What is property damage coverage?

A) This is “third party” coverage which covers the other party’s property damage they sustain if you are at fault for the collision up to your limits of coverage. This will also cover rental expenses for the other party while their vehicle is being repaired.

Q) What does the insurance company owe for a rental?

A) The insurance company will pay reasonable rental while your vehicle is being repaired. They do not owe the cost of a “premium” vehicle if your damaged vehicle is an older, worn model. They do not owe the “optional” insurance on the rental. When renting a vehicle, you should check with your own insurance carrier to determine if your policy will cover the rental in the event you are involved in a collision with the rental. If you policy will cover the rental, then you should “waive” the optional insurance

Q) What about personal property damaged in a collision?

A) If the adverse carrier accepts liability, they will pay for your personal property, subject to depreciation depending on the age of the item (rule of thumb is 10% depreciation per year). You should save receipts for personal items to support your personal property claim. Your other option is to present your claim for items damaged to your homeowner’s carrier, which is subject to a deductible.