



Guide to Loss Recovery

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R2A's eBook: Guide to Loss Recovery

I. BEFORE WE START (Attention Please!)

Ready2Appraise, Inc. does not offer legal or tax advice. This Website should be used for informational purposes only. **Under no circumstances should any information contained in this eBook be considered legal or tax advice.**

Laws vary by state, so you are urged to research the specific laws, and your rights, within your state. If you have specific questions regarding your rights, or the laws in your state, please contact an attorney licensed to practice in your state.

II. INTRODUCTION (Accidents Happen!)

If you are reading this material, you have gotten here by accident, that is, a vehicle accident! This eBook is designed to give you some insight into the claims process and to lay out what can and can't be done on your behalf to recover any covered losses which you have sustained.

What we CAN'T do:

We can't magically make your vehicle return to its pre-damaged condition. No one can do that, although there are body shops that can reconstruct your vehicle to closely approximate the job done by the original manufacturer. You may still detect differences with your vehicle in its post repaired condition, or you may truly have issues with the repair shop. **We do not deal with repair issues!** If that is your primary concern, contact the repair shop which performed the repairs to gain satisfaction. If they are unwilling to do so, contact your local Bureau of Automotive Repair and lodge a complaint against the shop. You can also ask your insurance representative to help with your concerns, especially if it is their Direct Repair facility which performed the repairs.

What we CAN do:

If your car has been involved in an accident, you have "lost" money and probably don't know it.

We'll help you...GET IT BACK!®

How can you possibly get money back on my car? Where have I lost money?

Even if your vehicle's repairs were paid by the insurance company, you must **ask yourself 2 CRITICAL questions:**

- 1) Is your vehicle **worth** as much **after the accident** as it was before?
- 2) Were you **fairly compensated** for the **loss of the use** of your own vehicle?

III. YOUR LOSS (Is it Door #1, 2 or 3?)

The old TV quiz show gave the contestants 3 choices. The insurance company has not given you any! Your answers to the questions above suggest that **you may not have been fairly paid for your losses.**

Since the insurance company won't tell you about your choices, we will! Let's look behind the 3 doors and see what's there:

Door #1: Diminished Value

If your car has sustained damage in an accident, it has lost value! Buyers will not be willing to pay full retail price for a vehicle that has been previously repaired from an accident. This loss of value is called **Diminished Value.**

Think about it. This is really simple logic. Given two identical vehicles, one previously repaired and one which has never been in an accident, would you be willing to pay the same for both? Or would you want to pay less for the repaired vehicle? Anyone with common sense would want to pay less for the repaired vehicle!

If your vehicle has been repaired, it has **lost** value. Your insurance company will report your accident claim to one of the national reporting agencies such as CARFAX® or AutoCheck®. Even if the accident is not reported to these agencies, legally you must still disclose this fact to a prospective buyer. It has also become routine procedure for car dealers to check with these agencies prior to accepting your vehicle for trade or resale and it is becoming common practice for retail buyers as well. If your vehicle has a "dirty" CARFAX® or AutoCheck® report, dealers will sell your car wholesale to be rid of it. Retail buyers will likely scrub the deal.

With a "dirty" report, Diminished Value is as certain as death and taxes! You can contact us now and let us help you recover the Diminished Value of your vehicle or... suffer the loss later.

Door #2: Loss of Vehicle Usage

Did you receive the use of a vehicle **equal to or better than** your own for the duration of the repairs? Even if you did not use a "loaner car" or rental, if the accident wasn't your fault, **you are owed for this loss of use.** You were still making payments, paying insurance premiums and all other costs of ownership while your vehicle was in the shop. You should be **paid for your loss!** Recovery of this loss could be significant!

Door #3: Total Loss Vehicles

A "Total Loss" occurs when it will cost more to **REPAIR** than to **REPLACE** your vehicle. This type of loss is costing insurance companies millions of dollars each year. Any reduction in pay out that the insurance company makes is literally profit on the bottom line of their financial statement.

While we no longer perform "Total Loss" vehicle valuations; there are many local appraisers who can help. Give them a call.

The Bottom Line:

On which of these items were you not paid? Ready2Appraise specializes in the recovery of these losses.

We'll help you...**GET IT BACK!**®

IV. WHAT'S THE CATCH? (Hmmm...)

Well, insurance companies, being in the business for a profit, have written into their policies terms and conditions which limit **their** liability. Who would have guessed! Let's check this out.

Oops, it's my fault!

If you are what is termed a "first party insured" (that is, the accident was your fault) your insurance is covering the claim. You are bound by the language in your policy which will limit the insurance company's exposure. Unless you live in a state which considers Diminished Value a recoverable item of damage (Georgia, Texas, Oregon, Kansas, South Carolina, Mississippi), you may have no remedy for Diminished Value or Loss of Usage claims. You are contractually bound by the terms of your policy which may limit your ability to recover these losses.

The bottom line is this: If the accident is your fault and you don't live in a Diminished Value "friendly" state, forget about **Diminished Value** or **Loss of Vehicle Usage** claims! If you live in one of the states listed above, consider yourself lucky! Just go to "**It wasn't my fault!**" below. Some appraisal services will attempt to tell you otherwise, but newly adopted language* developed by the Insurance Services Office (a company whose specific job is to develop language for insurance policies) is intended to contractually eliminate your insurance company's liability on these issues. **You may be wasting your time and money in pursuit of a claim which cannot be collected.**

*The exclusionary language has been adopted in 44 states and the District of Columbia as of the time of this writing. It has not yet been adopted in Hawaii, Kansas or Maryland. Massachusetts has adopted an "advisory opinion" on this issue. Court decisions rendered in several other states have upheld Diminished Value recovery for their insured even with this language present in the insurance policy.

V. IT WASN'T MY FAULT! (Whew!)

Congratulations, you are a **Third Party Claimant**. The loss will be covered by the other person's insurance policy. Because you have **no contract** with the other person's insurance company, you are not bound by the **restrictions in the other person's policy on what you may or may not recover**. You are free to pursue Diminished Value and Loss of Vehicle Usage claims against the other person's insurance company.

[Contact us](#) now and we'll tell you exactly where you stand!

We'll help you...**GET IT BACK!**®

VI. IT'S OUTTA HERE! (Total Loss Vehicle)

My vehicle is a total loss! I don't think I have received a fair settlement offer for its loss. What can I do?

This is very important! You have the right to challenge **your** insurance company's appraisal of your total loss vehicle. The **Independent Appraiser clause** is included in most insurance policies. This allows us to challenge the offer made by your insurance company in the settlement of your total loss. **This right exists whether or not you are at fault for the accident.** Now there is a catch here. If you make a claim against the other person's insurance for this loss, this rule doesn't apply. This is just the opposite of the preceding Diminished Value example. In the case of a Total Loss, it's better to file the loss through **your** insurance company and invoke the Independent Appraiser's rule.

Ready2Appraise no longer performs Total Loss Appraisals. Please contact a local Certified Auto Appraiser for help with this settlement with your insurance company.

There is one more condition to be considered: you don't have full coverage insurance (collision coverage). If this is the case, your insurance will not cover your Total Loss...period. In this case you will be forced to file your claim against the other party's insurance company. In some cases, the other insurance company will be willing to negotiate a settlement to close the case. In others, there will be a big problem. We'll cover all that in "Oh, Oh! Now What?!"

VII. THE NUTS AND BOLTS (Types of Losses)

We have covered in general terms the types of claims which **Ready2Appraise** will handle. We will now be more specific about the recovery process.

Diminished Value:

There are 3 types of Diminished Value:

- 1) **Inherent:** This is the **value lost** by the vehicle as a result of its **accident history**. This is sometimes referred to as "stigma devaluation".
- 2) **Claim-related:** This is caused by the insurer specifying inferior aftermarket repair parts or not paying for specific repair procedures recommended by the repair shop.
- 3) **Repair-related:** This is caused by substandard repairs performed by the repair shop.

Ready2Appraise does not deal with Claim-related or Repair-related Diminished Value. Claims relating to these types of diminished value must be resolved between you and the repair shop or insurance company involved.

Inherent Diminished Value claims are recoverable but you must provide proof of the loss. **Ready2Appraise** will prepare the appraisal and documentation required to provide

(continued)

this proof that will be needed to pursue your claim with the insurance company. The insurance company may then hire the services of an Independent Appraiser to perform their own Diminished Value appraisal. Most states have no set rules (except the Diminished Value “friendly” ones previously listed) which govern these claims and the insurance company’s initial response will be that there is NO Diminished Value! We will guarantee you that the first letter from any insurance company will be one rejecting your Diminished Value claim!

Ready2Appraise will provide all the necessary paperwork to help you recover this loss. A word of warning here; unless you reside in one of the Diminished Value “friendly” states, the insurance companies may be very difficult to work with when it comes to this recovery. They really don’t want to make a habit of paying these claims without inflicting as much pain as possible. We will cover this in “**Oh, Oh! Now What?!**”

We’ll help you...GET IT BACK!®

Loss of Vehicle Usage:

In most cases this loss is **recoverable** when you are a **Third Party Claimant** in the action. You are entitled to the **rental equivalent of your vehicle during the time that your vehicle is being repaired**. You have no contract with the responsible insurance company so you are free to pursue this loss. The satisfactory recovery of this loss may be **significant** when you own a high end vehicle.

We recently had a client who owns a Range Rover Defender series car. The best rental rate we could find on this type of vehicle was \$237.50 per day! The insurance company had paid him \$35.00 per day for 30 days for a cheap rental car, but really owed him the higher rate for the entire time that his car was in the shop...106 days! Our client settled for an additional \$25,714.00 on this claim. While this is not a typical case, you may recover a sizeable settlement for this type of loss.

We’ll help you...GET IT BACK!®

You now realize that:

- 1) **You have lost money on your claim!**
- 2) **You now know where it went!**
- 3) **We’ll help you...GET IT BACK!®**

At this point, may we suggest you take a break before continuing. You have been given a lot to think about, so take a moment to relax before we get into the aspects of the actual recovery process.

If you have any quick questions, please email us: help.me@ready2appraise.com It’s better than a phone call and we’ll have time to check out your questions before we reply.

VIII. CHOICES, CHOICES (To Do or Not To Do)

Let's start with **Diminished Value** and **Loss of Usage** claims:

First Party Insured:

If you are a first party insured (the accident was your fault) and you reside in one of the "Diminished Value" states (Texas, Oregon, Kansas, South Carolina, Georgia and Mississippi) the road to financial recovery is a bit smoother. If you are "at fault" and reside in any other state, you have no right of recovery for these losses. Remember, insurance companies will not part with their hard earned cash easily and they will use the language in the insurance contract to limit your rights!

In these "diminished value" states, **Ready2Appraise** will:

- Prepare a **pre-damage appraisal** of your vehicle's value based on its pre-accident condition, mileage and options.
- Prepare a **post-repair appraisal** of your vehicle's value based on your local market area which will take into consideration the damages your vehicle suffered. This will be our primary measure of Diminished Value.
- Prepare an **appraisal summary** outlining the calculated Diminished Value or Loss of Usage that your vehicle has sustained. This is the main body of our Diminished Value/Loss of Usage claim document and covers in detail your loss and the amount of damages which you are seeking.
- Obtain "Comparable" **vehicle spec sheets** used to develop both appraisals. These are similar vehicles which are for sale in your local area.
- Prepare **appraisal adjustment sheets** which show the adjustments made to the "comparable" vehicles based on mileage and equipment differences to achieve a value which accurately reflects the true worth of your vehicle.
- In cases of **Loss of Use**, obtain **rental quotes** and receipts supporting your Loss of Usage claim based on the total length of time your vehicle was being repaired.
- Prepare **demand letters** to be sent to the responsible insurance company.

We **do not** use an Assignment of Interest document, so **we cannot**:

- Make phone calls to the insurance company.
- Conduct any negotiations with the insurance appraiser assigned to your claim.
- Negotiate with any arbitrator which may become involved in the resolution of your claim.

Note: Because we are not lawyers, Ready2Appraise will not participate in any litigation which may arise from your claim.

- **We will communicate with your adjuster if questions arise concerning the methodology of our appraisal.** We will send you email updates on any communication which we may have with your insurance company.

VIII. CHOICES, CHOICES (To Do or Not to Do) continued

Third Party Claimant:

When you are a claimant in an accident, that is, it wasn't your fault and the other party's insurance is paying for your loss, your insurance contract will **not** limit your ability to recover these losses regardless of the state in which you live. This does not mean that you will obtain an automatic recovery of your loss from the other insurance company. Remember the bit about insurance companies not being willing to part with their cash? That really applies here.

What we REQUIRE to work on your behalf:

1) Your vehicle must have been repaired:

Your vehicle must have been fully repaired and you must be completely satisfied with the workmanship and quality of the repairs. Please forward a final copy of the repair estimate provided to you when you picked up your car from the shop.

2) Photos of vehicle and option sheet:

You will need to send us photos and a list any unusual vehicle options to enable the **Ready2Appraise** staff members to properly value your vehicle and determine the amount of your loss. Use our dedicated email: help.me@ready2appraise.com to transmit documents and/or photos.

3) Charges for our services:

Our fee for the processing and handling of your claim is \$350.00 for **each** claim (Diminished Value **or** Loss of Vehicle Usage) that we submit to the insurance company or attorney on your behalf. To comply with standards set by appraisal associations, fees for appraisals cannot be based on a percentage of the outcome. Therefore, we charge a fixed appraisal fee to comply with these standards. We will bill you through PayPal for your added security. We retain no personal records or information on our server for your protection.

4) What's my guarantee?

We thoroughly examine each case before we start to determine the amount of Diminished Value or Loss of Usage which potentially exists. We will not accept a client who does not, in our opinion, have a valid claim to file. We are trying to recover your loss, not make it worse! However, no guaranties can be made as to the positive outcome of any case.

We'll help you...GET IT BACK!®

X. SUMMARY (Telling You What We Told You!)

We have covered what we can and can't do, the types of appraisals which we perform, the services which we provide on your behalf to obtain the recovery of your loss, and the action to be taken on your behalf during the settlement process. **It's now up to you!** Simply [click here](#) to get started!

We'll help you...GET IT BACK!®

XI. OH, OH! NOW WHAT? (Pitfalls)

Policy limits:

It is best to know if there are low policy limits in place **before** you start the recovery process. This may be determined by contacting the responsible insurance company and asking about the Insured's policy limits. The staff at **Ready2Appraise** cannot contact the Insured's insurance company at this early stage to determine this information. **This should be your primary area of concern before you start the recovery process!**

Two of the longest cases we have handled were caused by the Insured (the party you are attempting to get recovery from) having **low policy limits**. The policy limit is the amount of coverage which the Insured has purchased for his protection (and as it turns out, for your protection) under his policy.

Both these difficult claims were caused by the aggregate total of the loss involved being greater than the policy limit. Sounds confusing? In a nutshell: The guy's insurance runs out of money before you get fully paid! When this happens, the game is over...well, almost.

In these two cases, one was resolved partially in favor of our client, the other wasn't. There are still some steps which can be taken in some cases which will allow you to get paid on your loss. However, it's better to know the facts before you start. If you have never heard of the other person's insurance company, hold up a large yellow flag; proceed with caution. Many of the so-called "**high risk**" policies have low limits of coverage which may preclude you from being fully paid for your loss.

How long will the settlement take?

That depends on the type of claim. Total Loss claims usually settle in a few days to a couple of weeks. Diminished Value and Loss of Use claims are a different story. Because insurance companies are trying to discourage these types of claims, they will try to obstruct, delay and deny your claim. The claim's adjusters are well schooled in the tactics of obstruction and will do whatever they can to deny any claim for Diminished Value or Loss of Usage. There are other appraisal companies out there that promise a settlement in a few days but the only guarantee we will make is that the insurance company **will drag this out**. If you are lucky enough to live in one of the Diminished

Value friendly states (Georgia, Texas, Oregon, Kansas, South Carolina, Mississippi) the road to recovery is much easier.

In California as in many other states, there are Fair Claims Practices Acts which sets limits on the time allowed for an insurance company to **respond** to a claim. They will take every second of the time allowed. Realistically it will take at least 6-8 weeks to obtain a settlement. We will do everything in our power to push this along, and will provide you with frequent updates by email concerning the progress of your claim.

Statute of Limitations:

All states have a [Statute of Limitations](#). This limits the length of time in which you are allowed to file a claim or initiate a lawsuit to recover a loss. The length of time varies by state and by type of claim and may range from 2 years or less to 10 years. There is a list of the Statutes of Limitations located on our Website under [FAQ's](#). If you have exceeded the Statute of Limitations for your state, you cannot file a claim. **The lesson: Don't delay! Simply [click here](#) to get started!**

We'll help you...GET IT BACK!®

XI. OH, OH! NOW WHAT? (Pitfalls) continued

When the Insurance Company won't negotiate:

This is when it gets brutal. As we have previously stated, the insurance company is not in the habit of handing out cash without a fight. In very large claims, we will refer you to a law firm which is experienced in these types of recovery. The staff at **Ready2Appraise** has received training in loss recovery from this firm and we are recognized as Certified Diminished Value Appraisers by the International Automobile Appraisers Association.

For smaller claims, we might suggest that you take the insured (the owner of the "at fault" vehicle) to Small Claims court for recovery. You cannot sue his insurance company directly (and this is a good thing!) so the insurance company cannot represent the other driver in this action. This means, in common language, they can't send their attorneys to Small Claims court to defend their Insured.

Ready2Appraise provides the documentation to support your claim. This will give you the upper hand in any court proceeding as you will be prepared and the insured driver who caused the accident most likely will not have the same advantage. When the Court's judgment is awarded in your favor, we will simply forward a copy of the judgment to the insurance company for payment.

The other very good thing is that the insurance company **MUST** pay any judgment which the Court has delivered in your favor. You don't have to be concerned over the welfare of the other party personally in this action. The insurance company must step up and cover this settlement. You will only have to pay the fees for the filing of the Court documents and in many cases, you will be able to recover these costs plus the cost of our appraisal as an expense in the court proceeding.

Please note that Small Claims courts have strict limits as to the maximum dollar amount that can be sought in this venue. Check your local laws to determine this limit.

My car is a Total Loss, but I don't have Collision Coverage-What can I do?

If the accident was your fault, you will not be able to recover any of your loss. If the accident was the other person's fault, you may be in luck. As we discussed earlier, the Independent Appraiser rule will not apply in this case. You have no right to dispute the value offered on your total loss vehicle. Many times, however, the opposing insurance company is willing to negotiate a settlement to help close the file. Some dig in their heels and refuse even to talk about it. If your loss is large enough, you may exercise your right to sue the insured driver in Small Claims Court (see the preceding section) for the difference between the settlement offer (which you must accept) and the appraised value of your total loss vehicle. You'll have the advantage of having a Certified Appraisal to support your position and, once again, the insurance company must pay any judgment in your favor including court costs and many times, your appraisal expenses.

XII. GLOSSARY (The Word on the Street)

ARBITRATION: When the resolution of a claim is turned over to an independent third party to render a decision.

ARBITRATOR: A neutral third party who works with Independent Appraisers to settle disputes. The Arbitrator's judgment is binding on all parties

ASSIGNMENT OF INTEREST:

- A) A document that is used to transfer **contractual rights** and obligations from one party to another.
- B) An Assignment of Interest can transfer partial or complete rights and obligations on a permanent or **temporary** basis.
- C) The consideration (*i.e.*, payment) for the transferred rights can be money, property, services rendered, or anything else of value.

Ready2Appraise will **NEVER** ask for an Assignment of Interest. No one should EVER assign their interests in a claim to a 3rd party unless they are bonded and insured. **PERIOD!**

CONSTRUCTIVE TOTAL LOSS: A "Constructive Total Loss" exists when a vehicle just can't be repaired, regardless of cost issues.

“HIGH RISK” POLICIES: These are insurance policies typically issued to drivers who do not fall into the normal risk pool often due to their bad driving record. Many of these policies have lower limits of coverage than do the typical upper tier policies available on the market.

INHERENT DIMINISHED VALUE: Inherent Diminished Value can best be described as the automatic and unavoidable loss of market value simply due to the fact that the vehicle has been involved in an accident. The disclosure laws in most states make it mandatory that previous damage to a vehicle be disclosed to a prospective buyer. The fact that a vehicle has a damage history decreases its market value.

LOSS OF VEHICLE USAGE: This is the cost to rent a vehicle of the same year, make and model as a replacement while yours is being repaired. You must be a third party insured to qualify for this loss recovery.

MAKE WHOLE: This is a term used in reference to compensating a party for a loss sustained. This is defined as restoring a party’s property to its original pre-loss condition and/or value.

MEDIATOR: A neutral third party who will work with the Independent Appraisers involved in a dispute to attempt to achieve an acceptable settlement between the Appraisers. The Mediator’s opinion is non-binding.

POLICY LIMITS: This is the **maximum** amount which an insurance company is obligated to pay out for a claim under the applicable insurance policy. Problems with coverage occur when there are multiple losses involved in a single claim (such as a dwelling, other vehicles, etc.) and the maximum payout will be reached before all parties are “made whole”. At this point, the remaining amount of a loss may only be obtained through a lawsuit against the other party and will then depend upon the other party’s ability to pay.

SALVAGED (BRANDED) TITLE VEHICLE: A "title brand" is an official record of an occurrence of damage or other information about the vehicle that affects its value or the ability to operate it safely. If it is branded "Salvage" or "Rebuilt", it means the car sustained significant damage at some point and has been repaired and re-registered for the road. This designation is made by your local Department of Motor Vehicles and becomes a permanent part of the title of your vehicle.

STATUTE OF LIMITATIONS: A Statute of Limitations is a law that sets forth the maximum period of time that a claimant has in which to initiate a lawsuit for recovery of a loss.

THIRD PARTY CLAIMANT: Third Party Claimant means any individual, corporation, association, partnership or other legal entity asserting a claim against an insured party under the insured party's insurance policy. In everyday language, you are filing a claim against the other party's insurance, not your own.

TOTAL LOSS: Total Loss means the destruction of an asset or property to the extent that the cost of repair will exceed the value of the item in the pre-destruction state. Simply stated, it will cost more to repair your vehicle than it was worth in its pre-accident condition.

UMPIRE: Forget about balls and strikes for a moment. The umpire to whom we refer may be in charge of your arbitration proceedings. Umpires are usually retired judges, attorneys, or other persons with the experience necessary to render a judgment in the proceeding before them. They weigh the evidence presented to them and decide the case. Seldom do they split a decision in an effort to satisfy both sides over an issue, rather they will pick the side that they feel has made the better legal position. Bottom line: it's better to watch 'em in action at your local ball park!