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USAA strives to provide consistent world class service to all consumers. Third party diminution is an element of the tort claim presented against a wrong-doer for the perceived difference in value before and after a vehicle has been damaged. It is a difficult item to measure and subjectively apply. In order to consistently apply measures in determining diminution of value, USAA has provided guidelines to its staff consistent with court approved measures for determining appropriate diminution values in relationship to the nature and extent of the damages sustained by the vehicle.

USAA uses the following consistent methodology to determine the expected diminution in value when such diminution may exist.

- **Vehicle Actual Cash Value (ACV):** This value is established based on state specific guidelines when determining a vehicle's market value during an insurance settlement. Factors may include a statistical market survey, NADA, Kelly Blue Book, or other jurisdictionally compliant evaluation sources.
- **10% of ACV:** As is the case in most loss of value calculations, this is the percentage amount of a vehicle's value that establishes the base diminution value amount for which all additional modifiers apply. The value is directly relational to the vehicle's market value prior to the loss.
- **Adjusted ACV x Damage Modifier:** As damage severity increases, so too does the perception of an amount of a diminished value. The damage modifier range and guidelines take into consideration repaired damages as small as a parking lot ding to as large as severe structural and mechanical repaired damages. It is important to note that in some minor accidents the 0.0 modifier is appropriate as no loss of value would have been sustained.
- **X Mileage Modifier:** The ACV has been established based on market value. A vehicle having an excess of 100,000 miles has established diminishment of value equal to or greater than a diminish in value resulting from a properly repaired collision. In other words, the vehicles historical use has already reached a diminishing threshold that a proper repair would not exceed. Generally, the modifier is a factor of the actual mileage of the vehicle and the mileage where the vehicle no longer would be considered for retail resale by a dealer.
- **X Prior Damage Modifier:** Because diminished value is subjective and is being presented during resolution of an insurance claim, the same standard applied to the insurance claim should also apply to historical damages to the same vehicle. The damage modifier is intended to address prior repairs to the same vehicle as they would apply to the overall diminished value related to this vehicle as a whole. In other words, if the vehicle already was damaged to a relative percentage of the currently repaired damages, the prior repairs would also have an overall effect on the diminution as a whole.
- **X Title Status Modifier:** If the vehicle has a salvage or branded title, there would be no further diminishment of value as a result of a repaired partial loss.
- **Total Assessment:** The total assessment for the potential diminution in value after all factors have been addressed, as they apply to this vehicle and this loss.

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