

Appraiser Blog

Why a Dealer Appraisal Won't Help in a Diminished Value Insurance Claim



By Tony Rached

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If you've been involved in a car accident and your car has been repaired, you may be wondering how to recover your vehicle's lost value. The legal term for this is "Diminished Value" or DV.

While different states have varying insurance laws, most jurisdictions allow for 3rd party DV claims, which means you can make a claim against the at-fault driver.

In states like Georgia, both 3rd and 1st party claims are allowed. This means you can file a DV claim with your own insurance carrier, for example.

However, most insurance companies require "**proof of loss**". When it comes to DV, this would be a vehicle valuation report that shows how much your car lost in value.

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Websites like ours sell this proof of loss in the form of a Diminished Value appraisal. Nevertheless, there may be other ways to obtain this information without cost except for your time, such as approaching a car dealer and asking for a free appraisal.

Challenges with Dealer Appraisals:

Many people believe they can use a dealer appraisal to support their diminished value claim. However, this is not typically the case, and there are several reasons for this:

1. Dealers are biased: Dealers aim to buy cars for as little money as possible and sell them for as much money as possible. This means they are unlikely to provide a fair appraisal of your car's diminished value.
2. Dealers are not insurance experts: While dealers may be knowledgeable about cars, they are not experts in diminished value claims, which are insurance matters. In case claims go to trial, an expert witness is required, and car dealers are not suitable for this role.
3. Dealers are not licensed: In many states, diminished value appraisers must be licensed, meeting specific qualifications and passing a test. Dealer appraisers are usually not licensed, which means their appraisals may not carry as much weight with insurance companies.
4. Dealers lack published methodologies: To prove diminished value, you need a valuation report that accounts for the exact severity of the damage and connects the market value of your car in an accident-free condition. Car dealers often use a "Clean to Rough" book formula that may not correlate with your vehicle's actual loss in value. Appraisers, on the other hand, must use a tried and tested methodology that complies with USPAP (Uniform Standards of Professional Appraisal Practice) standards.

If you want to file a diminished value claim, it is advisable to hire a licensed diminished value appraiser. These appraisers are experts in calculating diminished value, and their appraisals carry more weight with insurance companies.

What You Should Request Instead:

To strengthen your diminished value insurance claim, consider requesting the following:

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1. **Affidavit of Unbiased Expertise:** Ask for an affidavit from the appraiser, affirming their impartiality and willingness to testify as an expert witness if necessary. This can enhance the credibility of the appraisal in the eyes of the insurance company.
2. **Detailed Basis and Calculation:** Insist on a comprehensive explanation of how the appraisal value was determined. This transparency is vital in validating your claim.
3. **Professional Credentials:** Ensure the appraiser's qualifications by requesting their professional resume or CV. Knowing their background and expertise will give you confidence in their assessment.

Why Choose a Licensed Car Appraiser:

For the most reliable and credible appraisal, it's advisable to hire a licensed auto appraiser. Licensed appraisers have the necessary training and experience to accurately determine your vehicle's diminished value. In the state of Georgia, where you are entitled to recover your vehicle's loss in resale value regardless of fault, hiring a licensed appraiser is particularly important.

Diminished Value of Georgia, for example, is known for its experienced appraisers and ethical, reliable service. They have a deep understanding of Georgia's diminished value laws, and their senior appraiser is even approved by the Georgia Bar Association for conducting lawyer continued education training. This level of expertise sets them apart as trusted professionals in the field.

By substantiating your claim with an appraisal from a reputable and licensed car appraiser, you increase the likelihood of fair compensation from the insurance company. While there are no guarantees in these situations, statistics show that most claims are settled amicably after submitting a report from a licensed appraiser.