Diminished Value and Other Car Accident Insurance Issues

After a car crash, most people deal with an insurance adjuster long before they think about a lawsuit. An adjuster evaluates the claim on behalf of the insurance company, and some common practices can lower what a claim is worth if they go unnoticed. Understanding these practices is one reason people consult a car accident attorney before signing anything.

Recorded statements and medical authorizations

The other driver's insurer may call within days and ask for a recorded statement. There is usually no obligation to give one to the other side's insurer, although a person's own policy may require cooperation with their own insurer. Statements made while in pain or on medication can be used later to dispute the claim. Adjusters sometimes send broad medical authorizations that open records unrelated to the crash. A car accident attorney usually limits what is shared to records related to the crash.

Quick offers and low-impact arguments

An early settlement offer can arrive before the full extent of an injury is known. Accepting usually means signing a release that ends the injury claim. Some insurers argue that minor vehicle damage means no one could have been hurt, or they may point to car accident settlement preexisting conditions and gaps in treatment. They may also argue comparative negligence, assigning part of the fault to the injured driver.

Repairs and total losses

The property damage part of a claim usually resolves sooner than the injury part. When a car is repairable, the insurer prepares an estimate, and the shop may find more damage once the car is taken apart. Rules on aftermarket parts depend on the policy and state law. When repairs would exceed a threshold set by state law or the insurer, the car is declared a total loss. The insurer then owes the actual cash value, meaning the market value just before the crash. Listings for comparable cars can support a higher number, and gap insurance, if purchased, may cover a remaining loan balance.

Getting around during repairs

While the car is being repaired, the at-fault driver's insurer may owe the reasonable cost of a rental or payment for loss of use. How long that period should last is a common dispute, especially when parts are back-ordered or the inspection is delayed. A person's own rental reimbursement coverage typically has a daily limit and a maximum number of days. Receipts and a log of calls with the adjuster help support the claim.

Loss in resale value

A repaired car with a crash history often sells for less than one without. That difference is called diminished value. Whether it can be recovered depends on the state and the type of claim. Claims against the at-fault driver's insurer are more commonly allowed than first-party claims under one's own policy, which may exclude diminished value. An independent appraisal and the vehicle history report help document the loss. An automobile accident lawyer can explain whether the state where the crash happened allows the claim.

When a claim stalls

Every state has an insurance regulator that accepts consumer complaints, and some states have bad faith laws for unreasonable claim handling. This article is general information, not legal advice, and no article can promise a particular result.