



DIMINISHED VALUE CLAIMS: **IOWA**

SUMMARY Iowa Claims

Statute of Limitations: 5 years

Third Party Diminished Value Claim: Yes

First Party Diminished Value Claim: No, most insurance policies will exclude diminished value

Iowa Property Damage Minimum Limits: \$15,000 in coverage

Uninsured Motorist Coverage for Diminished Value: No coverage

Underinsured Motorist Coverage for Diminished Value: No coverage

Iowa Small Claims Court Limit: \$6,500, attorney representation and appeals are permitted

If your vehicle was damaged in an accident in the state of Iowa and underwent repairs, its resale value is likely to be less than what it was before the crash. This holds true even if your vehicle was perfectly repaired and looks as good as new. This loss in market value is known as diminished value, and it is recoverable in Iowa through a diminished value claim filed with the at-fault party's insurance company.

IOWA DIMINISHED VALUE LAW

Iowa is a diminished value state with reported case law. Accident victims are allowed to recover diminished value from the at-fault party's insurance company.

Hawkeye Motors, Inc. v. McDowell, 541 N.W.2d 914 (Iowa Ct. App. 1995)

The law in Iowa governing damages to automobiles is well settled and follows three general standards. Papeheim v. Lovell, 530 N.W.2d 668, 671 (Iowa 1995). They are:

- (1)** When the motor vehicle is totally destroyed or the reasonable cost of repair exceeds the difference in reasonable market value before and after the injury, the measure of damages is the lost market value plus the reasonable value of the use of the vehicle for the time reasonably required to obtain a replacement.
- (2)** When the injury to the motor vehicle can be repaired so that, when repaired, it will be in as good condition as it was in before the injury, and the cost of repair does not exceed the difference in market value of the vehicle before and after the injury, then the measure of damages is the reasonable cost of repair plus the reasonable value of the *917 use of the vehicle for the time reasonably required to complete its repair.
- (3)** When the motor vehicle cannot by repair be placed in as good condition as it was in before the injury, then the measure of damages is the difference between its reasonable market value before and after the injury, plus the reasonable value of the use of the vehicle for the time reasonably required to repair or replace it.

The third standard allows for the recovery of the diminution in market value when the repairs cannot restore the car to its pre-accident condition. When the repairs are actually performed on the vehicle, diminution in market value is determined by the difference between the value of the repaired car after the accident and the value of the car before the accident.

HOW TO FILE A DIMINISHED VALUE CLAIM IN IOWA

Step 1. Proof of loss. It's your responsibility to prove the repaired vehicle is worth less than before the accident. Quantifying how much less a buyer would be willing to pay can be done by a party that specializes specifically in diminished value.

Step 2. File a diminished value claim. By filing a diminished value claim through the at-fault party's insurance company, you can get back your car's lost value following an accident. The sooner you file your diminished value claim, the better. Submit the appropriate documents for review (diminished value appraisal and demand letter).

Step 3. Negotiate a settlement.