



DIMINISHED VALUE CLAIMS: NORTH CAROLINA

SUMMARY North Carolina Claims

Statute of Limitations: 3 years

Third Party Diminished Value Claim: Yes

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

North Carolina Property Damage Minimum Limits: \$25,000 in coverage.

Uninsured Motorist Coverage for Diminished Value: Yes, \$25,000 UMPD coverage is required. The uninsured driver must be identified.

Underinsured Motorist Coverage for Diminished Value: Yes, it's an optional coverage.

North Carolina Small Claims Court Limit: \$10,000, attorney representation and appeals are permitted.

If your vehicle was damaged in an accident in the state of North Carolina and underwent repairs, its resale value is likely to be less than what it was before the crash. This loss in market value is known as diminished value, and it is recoverable in North Carolina through a diminished value claim filed with the at-fault party's insurance company. If the other driver was uninsured, you can also file a diminished value claim with your own insurance company.

In addition to the title disclosure, North Carolina has a damage disclosure law that specifically pertains to cars that are less than five years old. Dealers and private party sellers of vehicles that are less than five years old are required by law to disclose any damage that's over 25% of fair market value to the buyer IN WRITING. There's no sweeping the accident under the rug, you're required by law to tell potential buyers about it.

For example, if your car has a market value of \$20,000, it only needs to suffer \$5,000 of damage to be subject to the disclosure law. Disclosing your vehicle's damage history will have a negative impact on its value since most buyers would choose a vehicle without an accident history over one that does. The accident history will scare off many potential buyers and those who do remain interested will demand a steep discount to assume the risk of purchasing a previously damaged vehicle.

This loss of value due to the accident history is known as diminished value.

NORTH CAROLINA DIMINISHED VALUE LAW

N.C.P.I – Civil 106.62 Property Damage (NC jury instructions)

The plaintiff's actual property damages are equal to the difference between the fair market value of the property immediately before it was damaged and its fair market value immediately after it was damaged. The fair market value of any property is the amount which would be agreed upon as a fair price by an owner who wishes to sell, but is not compelled to do so, and a buyer who wishes to buy, but is not compelled to do so.

Evidence of [estimates of the cost to repair] (and) [the actual cost of repairing] the damage to the plaintiff's property may be considered by you in determining the difference in fair market value immediately before and immediately after the damage occurred.

DeLaney v. Henderson-Gilmer Co., 135 S.E. 791 (N.C. 1926).
Evidence of the reasonable value of repairs to a damaged vehicle, and the reasonable market value of the vehicle as

repaired, are admissible to show the difference in its value before and after it was injured.

The law in North Carolina is on your side and allows you to recover diminished value when you aren't at-fault.

HOW TO FILE A DIMINISHED VALUE CLAIM IN NORTH CAROLINA

Fortunately, diminished value claims in North Carolina are widely accepted by courts and insurance companies. Insurance companies won't voluntarily tell you about your right to be made whole for your vehicle's lost value, you'll have to demand compensation for it.

You must supply evidence that your vehicle has lost value. An independent, unbiased appraisal will provide the documentation necessary to determine the diminished value of a vehicle.

Once you submit a diminished value appraisal report, most insurance companies will make a settlement offer.

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Occasionally, some insurance companies may deny your claim or offer you a very low amount based on a flawed formula. When you're unable to reach a fair settlement with the insurance company, typically the next step would be to file a lawsuit against the at-fault driver in small claims court. However, North Carolina has an alternative to filing a lawsuit; it's called the North Carolina third party appraisal clause (North Carolina General Statute 20-279.21).

Here's how the North Carolina third party appraisal clause works

When you and the insurance company fail to agree on the amount of diminished value (the difference in market value before and after the accident) and that difference is greater than \$2,000 or 25% of fair market value, either party can invoke the appraisal clause.

The appraisal clause plays out like this:

1. Either party makes a written demand invoking the appraisal clause.
2. Each selects a competent and disinterested appraiser. Meaning, you hire your own appraiser, and the insurance company hires their own disinterested third-party appraiser.
3. The two appraisers then appraise your diminished value and attempt to reach an agreement on what the settlement amount should be. If they agree on a number; the appraisal clause is over, and the insurance company will send you a check for the agreed upon amount.
4. If the appraisers fail to agree, an umpire is then selected. The umpire and the appraisers must be licensed by the state of North Carolina as a motor vehicle damage appraiser. The umpire will review the claim and prepare a report to decide on the final diminished value amount. The umpire's decision can't be any higher or any lower than what the two appraisers stated in their appraisals. It will fall somewhere in between.
5. The appraisal clause is nonbinding, meaning either you or the insurance company can reject the outcome within 15 days.