

DIMINISHED VALUE CLAIMS: **GEORGIA**

SUMMARY Georgia Claims

Statute of Limitations: 4 years

Third Party Diminished Value Claim: Yes

First Party Diminished Value Claim: Yes

Georgia Property Damage Minimum Limits: : \$25,000 in coverage

Uninsured Motorist Coverage for Diminished Value: Yes, insurers are required to offer UMPD, but it can be rejected in writing if you don't want that coverage. It includes coverage for hit and run drivers with physical contact between the vehicles.

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

Georgia Small Claims Court Limit: \$15,000, attorney representation and appeals are permitted.

The best state in the country for filing a diminished value claim is Georgia. There are laws in place obligating insurance companies to pay diminished value on first party and third-party claims. You can recover diminished value through your own insurance company even if the accident was your fault. This even includes comprehensive claims such as a deer hits and vandalisms.

GEORGIA DIMINISHED VALUE LAW

Georgia courts have found that the measure of damages in a third party action is the difference between the value of the vehicle before and after the collision or other negligence or in cases where the owner repairs the vehicle, the measure is the reasonable value of labor and material used for the repairs and the value of any depreciation (permanent impairment) after the vehicle was repaired, provided the aggregate of these amounts does not exceed the value of the vehicle. Perma Ad Ideas of AM, Inc. v. Mayville, 158 GA. App. 707 (1981).

In layman's terms, this means you can recover repair costs and your vehicle's diminished value.

In Georgia, there are two statutes, O.C.G.A. 33-4-6 and O.C.G.A. 33-4-7 that put pressure on insurance companies to handle diminished value claims fairly. The purpose of these statutes is to facilitate the quick and fair adjustment of claims, including diminished value claims in Georgia.

Insurers must adjust claims fairly and promptly, make a reasonable effort to investigate and evaluate these claims, and make a good faith effort to settle for a fair amount.

If the insurance company acts in bad faith or breaches these duties, they may be liable to pay in addition to the actual loss, a penalty of up to 50 percent of the total claim amount or \$5,000, whichever is greater, plus all reasonable attorney fees.

To trigger these statutes, it's recommended to make a written 60-day time limit demand by certified mail, return receipt requested with the amount that you're willing to settle for.

The most well-known court case is State Farm Mutual Insurance Company v. Mabry, 556 S.E.2d 114 (Gs. 2001). The Georgia Supreme Court held that insurance companies have a duty to evaluate all first party physical damage claims for diminished value, just as they evaluate other elements of damage, and to adopt a suitable methodology for doing so.

17c Formula and Diminished Value Claims in Georgia
In the State Farm v. Mabry case mentioned above, a formula arose that was only intended for use in that case. This model, known as the "17c formula" was used to settle claims for a class of 25,000 claimants. It was created using a simple methodology specifically for that case because of the large number of claimants and the need for a quick, easy, and predictable means to evaluate each claim.

Since then, many insurance companies have adopted the 17c diminished value formula in an effort to reduce diminished value claim payouts in Georgia.

The 17c formula is widely used by the insurance industry to control and cap diminished value payouts without regard to the unique circumstances of a claim. In response to this abuse, the Georgia Insurance Commissioner issued a directive to all insurance carriers stating they do not endorse the use of that formula. The directive states:

"It has come to our attention that certain carriers are incorrectly suggesting to their insureds that the Department has approved a specific formula for determining diminution of value. It also has come to our attention that certain carriers are incorrectly suggesting to their insureds that the diminished value result arrived at by the carrier's use of a selected formula reflects the definitive amount to which the insured is entitled under Mabry and for which the insurer may be liable. The purpose of this Directive is to clarify the Department's position as it relates to diminution of value claims.

The Department has never promulgated or produced by regulation any formula for use in the determination of diminution of value as it relates to physical damage claims nor has the Department endorsed any specific formula or method.

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The Department also has never indicated that the diminished value result obtained by a carrier's use of a particular formula or method constitutes the definitive determination of the carrier's liability to its insured. The nature of each claim demands that carriers must take into consideration all relevant information in the evaluation of diminished value claims including, but not limited to, relevant information provided by an insured regarding diminution of value."

HOW TO FILE A DIMINISHED VALUE CLAIM IN GEORGIA

With all these laws, statutes, and case law on your side, you are in a very strong position to negotiate a fair settlement for your Georgia diminished value claim.

Step 1. Prove your loss. You must supply evidence that you have lost value. An independent, unbiased appraisal will provide the documentation necessary to determine the diminished value of a vehicle.

Step 2. Submit your proof to the insurance company. You'll need to submit a diminished value appraisal and demand letter to the insurance company for review.

Step 3. Claim settlement. Once you submit a diminished value appraisal report from a competent appraiser, most insurance companies will make a settlement offer. The insurance company may pay the claim in full, make a lower offer, or deny the claim.

Negotiate until they get firm with their offer.

Your insurance policy may include an appraisal clause provision that you can invoke. The appraisal clause will allow your designated appraiser to negotiate a settlement with the insurance company's designated appraiser which typically results in a higher claim settlement.