

The background of the entire page is a close-up photograph of shattered glass. The glass is broken into many small, irregular fragments, creating a complex, web-like pattern of cracks. The lighting is bright, highlighting the sharp edges and the texture of the broken surface. The top and bottom edges of the page are framed by solid black horizontal bars.

# Diminished Value: How Do I Get Paid?

Written By Justin Petty

Petty Details, LLC  
*Claims Services*

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## Disclaimer

Please be advised that nothing in this e-book is meant as legal advice and none of the information in this book should be construed as legal advice. We are not attorneys. If you have a legal question, please seek out qualified counsel.



## Foreword

As an expert in diminished value, the most common question I get is “Now what do I do?”.

This book was produced in response to that question. As far as I know, there is no free guide available that focuses on automobile diminished value and how to get paid for it. With all of that in mind, I embarked on this guide to help people understand and successfully navigate a diminished value claim from start to finish (we are also writing a book for adjusters that explains common myths and helps insurance companies to pay what they really owe and no more - watch for that in November 2011!).

With this e-book at your disposal, you should be able to bring your claim to a successful resolution. At the very least you'll be able to figure out whether your claim is worth pursuit. Let's get right to it.

## Chapter 1:

# First Party vs. Third Party Claims

### First Party Explained

*In their simplest form, claims consist of four elements:*

1. The policy
2. The claimant/s
3. The adjuster
4. The insured party / policyholder



In a first party claim, the claimant and insured are the same person.

The claimant is the person making the claim / seeking money.

The insured is normally the person who purchased the insurance policy, but could be someone who is a family member, permissive driver or otherwise listed in the policy.

So do you get it? If you are seeking damages, then you are a claimant. If you are seeking damages from your own policy, then you are the insured and first party claimant.

## Examples of First Party Claims

Keep in mind that the claim examples listed below are not all-inclusive. First party claims are claims where the damaged party claims against their own insurance.

*Here are some first party claim examples:*

### 1. Collision Claim = Joe vs Joe's Insurance

Joe accidentally put his vehicle in reverse and backed into a telephone pole. The pole sustained no damages, but Joe's vehicle was damaged pretty badly. Luckily Joe had purchased collision insurance on his vehicle, so he can file a claim against his policy and his insurance company will pay him for the damages to his vehicle. Joe is both the first party claimant and the policyholder in this example.

### 2. Comprehensive Claim = Joe vs Joe's Insurance

Joe's vehicle was parked in his driveway and a vandal damaged it and fled the scene. The police came out and wrote a report, but the vandal was never identified. Luckily, Joe has comprehensive coverage. He files a claim for his damage under his comprehensive coverage and got paid. Joe is again both the first party claimant and the policyholder.

### 3. Uninsured Motorist Claim = Joe vs Joe's Insurance

Joe's vehicle was parked in his driveway and an unknown motorist lost control of their vehicle and ran off the road into Joe's vehicle. The police came out and wrote a report, but the at-fault driver had fled the scene. Fortunately, Joe had uninsured motorist coverage and he filed a claim against his policy for the damages. Joe is once again both a claimant and insured on this first party claim.

### 4. Underinsured Motorist Claim = Joe vs Joe's Insurance

Joe's vehicle was parked in his driveway and a motorist lost control of their vehicle, struck Joe's parked vehicle, called the police and provided insurance information. Joe filed a claim against the other person's policy but his damages were more than the policy limits and after

getting all of the money left on the other person's insurance policy, Joe still had \$5000.00 worth of damages left. Joe is very lucky. He had underinsured motorist coverage and was able to get the \$5000.00 in remaining damages by filing a claim with his own insurance. He was again both the claimant and insured in this example.

### Third Party Explained

You have first party down, right? Just remember that in first party claims, the insured and the claimant are the same person.



Now let's explain a third party claim.

In a third party claim, the claimant is never the insured or policyholder. It really is that simple, with few exceptions. If the person seeking money is filing a claim against someone else's policy, then the money seeker is a third party to the insurance policy and is making a third party claim. I hope that makes sense. See the next section for some examples that might

make the difference between first and third party claims more clear to you.

### Examples of Third Party Claims

Keep in mind that the examples below are not all inclusive. Third party claims occur when a damaged party files a claim against someone else's insurance policy. Below are some third party claim examples:

1. Damaged vehicle = Jimmy vs Joe's Insurance



Jimmy's vehicle was damaged when Joe failed to stop his vehicle in time when traffic suddenly got slow. Jimmy filed a claim against Joe's insurance policy and got paid. Jimmy was the claimant, Joe was the insured/policyholder. This means Jimmy had a third party claim.

### 2. Injured body = Melanie vs Joe's Insurance

When Jimmy got rear-ended by Joe, his sister Melanie was in the back seat and bumped her head. She had to get checked out at the ER. When Melanie got her ER bill she made a claim against Joe's policy. Melanie has a valid third party claim, and she will likely get paid for the reasonable cost of her medical treatment.

### 3. Contractual Liability = Rental Company vs Joe's Insurance

While Joe's vehicle was being repaired, he rented a car. The rental agreement he signed says that he will pay for any damages caused to the rental car while he has it rented. Joe went to the mall and while the rental was parked in the parking lot, somebody rammed a shopping buggy into the rental numerous times causing damage. When Joe returned the rental car, the rental company made a claim against Joe's insurance and got paid for the damages. The rental company had a third party claim.

## Chapter 1 Summary

If you have read this chapter and you still cannot determine whether you have a first party claim or a third party claim, then you will need to [fill out this form](#) to set up a free phone consultation where we will determine what type of claim you have. Otherwise, we will assume that you understand that first party claims are claims against your own policy and third party claims are claims against someone else's policy.

## Chapter 2:

# Getting a Ballpark Figure for Diminished Value

### Using formulas or calculators

Logically, now that you know the type of claim you have, you need to know how much your diminished value claim is worth.

In order to figure out how much value your vehicle has lost, you will have to do a little bit of research. There is no trick.

Over 15 years of experience proves to me that there is no static online formula or calculator that can consistently produce realistic and credible evaluations on vehicle diminished value. It is simply not possible to use a static formula for calculating market trends and lost value. Formulas and calculators are easily challenged and discredited by insurance defense attorneys because the calculators rely on input from you, and since you have a financial interest in the claim that makes the evidence shaky at best. If you have been able to recover a substantial diminished value settlement based on a formula or online calculator, then you got lucky. To make a long story short, just don't trust a formula or an online calculator to be good evidence of diminished value. Steer clear.



### Using the Trade-In Market

In my experience and research, the retail and trade-in market is by far the largest market for used vehicles.

My research and experience on the subject matter reveals that only about 1 in 10 people sell their vehicle directly to another individual. Most used vehicle transactions are trade in transactions that occur when consumers purchase a new or used auto from a dealer. Because we need accuracy and the trade-in market is the largest market, we use it as the representative market for gauging changes in the value of used vehicles. The trade-in value of a vehicle is nearly always less than the actual cash value, and the trade-in value is often substantially less than the retail value.

Common sense tells us that a dealer who purchases a used vehicle must get it for a real steal because they have to re-sale the vehicle and make a *profit*.

On top of having to get the vehicle at a steal, dealers almost always incur expenses to certify used vehicles and clean them up for re-sale.

- Dealers sometimes offer extended warranties.
- Dealers have to store vehicles and maintain them while they attempt to sell them.
- Even more, many dealers have to pay for staff to handle financing and assist customers with the completion of the paperwork required when buying or selling a vehicle.

All of these extra costs incurred by dealers are why car lot vehicles are generally priced higher than private vehicles for sale in the classifieds or sitting in private driveways.

### **So what's the point?**

The point is that the trade in market is where the most credible and realistic information lies as it relates to diminished value calculations. We contact used vehicle dealers weekly and we discuss various different types of vehicles, damages, and values. Used car dealers can assist individuals by providing pre-accident and post-repair trade in offers. The problem for many individuals is sweet-talking a dealer into helping. Many times, a dealer will refuse to provide any trade in offer on a vehicle that is not actually going to be a trade. Also, we have had dealers refuse to make written trade-in offers without a physical inspection of the vehicle.

If you are successful in obtaining written trade in offers that reflect your diminished value, what do you do with the information? We suggest you take the average of all your quotes and plug it into a [sample demand letter](#) from us (for free), and then send the formal demand to the insurance company.

You never know, they may just pay you.

### Special Market Factors

Certain types of vehicle consumers are more particular when it comes to vehicle condition and history so those vehicles lose a slightly higher percentage of value than others following collision repairs.

Sport coupes, luxury vehicles, rare vehicles, collectible vehicles, and antique vehicles all lose a much higher percentage of their value following collision repairs than work trucks or non-luxury family sedans or sport utility vehicles. Make sure your dealer quotes come from a dealer who specializes in the type of vehicle you own. A small used car lot may provide you a much different quote on your wrecked and repaired Mercedes than the Mercedes dealership down the road. Mercedes dealers normally won't buy a wrecked and repaired vehicle for retail sale because it is sometimes impossible to qualify the vehicle as a certified pre-owned vehicle.

### The Damage Modifier

Even if you have a Mercedes worth \$20,000.00, and three Mercedes dealers provide you written quotes that show a trade in value of \$20,000.00 pre-accident and a \$15,000.00 post repair trade in value, if your vehicle only suffered a dent in the front fender that was repaired, then you will not likely see a \$5,000.00 check.

The amount of damage your vehicle sustained directly affects the amount of lost value that it realistically has incurred. Using a simplified damage modifier is the best way for non-experts

to demonstrate the relative lost value to damage relationship. Below is a simplified damage modifier scale:

- 1.00 This factor reflects extensive cosmetic and structural damage. Normally this type of damage will result in a vehicle being deemed a total loss.
  
- 0.75 This factor reflects damage to the structure and cosmetic damage requiring the replacement of at least three of the vehicle's panels or major safety/electrical components.
  
- 0.50 This factor reflects moderate damage to more than one panel, and at least some damage to the structure or a major safety / electrical component.
  
- 0.25 This factor reflects just cosmetic damage that requires the repair of at least one panel and/or replacement of a minor structural or safety / electrical component.
  
- 0.00 The factor reflects damage that can be fixed without the need for replacement or repainting of any panel, and does not require the removal and reinstallation of any safety or electrical component.

When you are estimating the actual diminished value on your vehicle, you must take the average lost value amount (determined by proper market research with appropriate specialty factors considered) and multiply it by the appropriate damage modification factor. The result of the calculation is a best guess at the loss you will incur if, at the time of sale, you can provide documentation on the extent of your damages, a copy of the repair estimate and guarantee, and a certified expert opinion on the quality of the repair that indicates that there is no problem with the repair.



## Calculate Your Own Loss in 3 Steps

Here's our three step method for you:

(Pre-requisite = Before beginning make sure you have ignored the results of any online formula and/or calculator)

- Step 1 = List Specialty Factors
- Step 2 = Obtain Trade-In Quote Information
- Step 3 = Apply the Damage Modifier

Here's a walkthrough based on a real world example. This will show you how the method works one step at a time.

**Step 1: Simply evaluate your vehicle and list any of these that apply:**

- 1) Luxury Brand
- 2) Low Mileage
- 3) Antique
- 4) Rare
- 5) Classic
- 6) Hybrid
- 7) Sedan
- 8) Coupe
- 9) Convertible
- 10) Roadster
- 11) SUV
- 12) Any other specialty factor that distinguishes the market for your vehicle.

**Using the above list and based on our example vehicle I listed the following special factors:**

Luxury Brand – The vehicle is a 2006 Mercedes SLK350

Convertible – The vehicle is a 2 door sport convertible

Low Mileage – The odometer shows 45000 actual miles

### Step 2:

Called five different Mercedes dealers within 300 miles of client's home address and conducted market research with the used vehicle sales staff.

I first determined the vehicle's trade-in value by asking the dealer what the maximum trade-in amount would be if the vehicle was in exceptional condition and had mileage of 45,000.

Then I questioned each dealer and got their average opinion about the lost value on an SLK like the one we were researching.



The data obtained indicated that 2006 Mercedes Sport Convertibles lose at least 25% of their trade-in value once they have been in a bad wreck and repaired. The data also indicated that the average trade-in value for the vehicle was \$22,000.00 so 25% of \$22,000 is \$5,500.00.

This \$5,500.00 figure is our base loss of value figure for the 2006 Mercedes SLK350 in June of 2010.

Keep in mind that there are many more steps to [our official Petty Details process](#) because we have to use an accepted method as an expert and because I have to document the value independently. For non-experts one would simply ask appropriate dealers to give them written statements indicating an estimated lost value due to a major collision and repair, then average the opinions to get a base loss of value result.

### Step 3:

After getting a base loss of value in step 2, I reviewed the repair estimate on the vehicle and inspected the quality of repairs. Everything was repaired excellently. There was evidence that

## DIMINISHED VALUE: HOW DO I GET PAID?

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a repair had been done, but nothing unusual or that would be considered faulty repair work. I compared the damages with the damage modification scale. The damages were extensive and could have possibly warranted a full 1.00 damage modification, but because there was no airbag deployment I gave it a 0.90.

**RESULT:        \$4950.00 = Inherent Diminished Value**

The result after factoring in the damage modifier was a \$4,950.00 inherent diminished value finding. The entire loss was ultimately paid by the at fault party's insurance company to the vehicle owner directly.

## Chapter 3:

# I have a figure, now what?

### Formal Demand

Cost = Free

Okay, so after you have gotten a ballpark figure on your diminished value then you simply need to present your findings to the insurance company and let them know that you expect them to pay you for your damages.

If you don't have a professional working for you helping you with how to demand your money, then you'll need to write a [formal demand letter](#). Make sure you include all the information you want the company to have and make sure your demand is clear. We suggest including a deadline date on your demand. Don't give them forever to make their mind up.



Think about it. . . why would you make an open ended settlement offer? What if you end up having to litigate the matter?

Your cost will go up, right?

You don't want the company claiming you agreed to settle for less based on an outdated demand letter do you?

If you're worried about your letter being right and covering all the bases, simply go to [our website](#) and request that we provide you with a [free demand letter](#). We do provide them to customers daily.

Once you have the formal demand letter, we suggest you fax it to the claims office that is handling your claim. If you can't get a fax number, try and get an e-mail and as a last resort,

go ahead and mail it. If you have to mail something, we suggest mailing it in a manner that allows you to track its delivery (like Certified with a Return Receipt Request). After you are sure the insurance company has your demand, you have completed the first free step in your relentless pursuit of what is yours (evil laugh).

### Telephone Calls for Status

Cost = Probably Free

You didn't think you could get out of this without making a few phone calls did you? Don't worry, it's easy if you'll follow some simple guidelines.

Technically it may not cost you anything either. If have to pay a phone bill each month anyway and your claim calls don't make your bill more expensive this part could be considered free to most people. If it isn't free for you, then you'll have to estimate the cost of each call you make and add them up at the end to see what phone calls about the claim cost you. Surely the cost of telephone calls won't make the pursuit of your claim uneconomical.



It is inevitable that you'll have to make some calls to get a status on your claim. Wait two days after sending your demand before making follow up calls.

*When you do, use the guidelines below:*

**1. Avoid leaving a message on a machine the first time you call for status on your demand.**

Persist until you get a live person on the phone. If you simply cannot get a live person for whatever reason, then and only then, go ahead and leave a short message. Stick to



the goal described in step 3 but make sure and include your claim number and a call back number with your area code. Also, if you end up having to leave a message, then call back each day until you have gotten a live person on the phone and then go to step 2.

## 2. Once you have a live person on the phone, don't be rude.

Before you give them your claim number or your full name, see if you can get them to agree to check and see if your adjuster is currently working. Be nice, but beat them to the punch and ask something like "Do you mind checking to see if my adjuster is in the office right now?". It is important that you use this tactic. Receptionists are trained to find your claim number and route you to an adjuster as fast as possible. Beating them to the punch with a question instead of allowing them to begin asking questions and controlling the call is important in getting your adjuster on the phone.

*Trust me, the receptionist can always get somebody on the phone unless they are not in the office or in a meeting.*

Plus asking a person to physically look for somebody helps to get them out of "rapid response" mode and forces them to deal with you.

It is about controlling the call.

If they check and don't find the adjuster or refuse to check, then try and get them to take a handwritten note to the adjuster's desk. As a last resort, leave a message on the adjuster's voice mail.

## 3. If you are successful in getting your adjuster on the phone, then stick with one goal and one request. . . . "Please send me a written response to my most recent letter".

*Do not underestimate the power of simplicity.*

Don't get dragged into a discussion of your diminished value. Your standard response to any question should be a request for them to correspond with you in writing.

Can you tell I am not a proponent of verbal negotiations?

In verbal negotiations it is too easy to mis-communicate. Even skilled negotiators can mess up a settlement by saying the wrong thing. Verbal negotiations between adjusters and accident victims normally result in flared tempers and unsuccessful settlement attempts. Forcing negotiations to be in writing is the best trick I know that helps to bring a claim to a resolution.

*Anytime you call the insurance company, make sure your goal and request is the same.*

Stick with “Please send me a written response to my most recent letter”.

Continue until you have a written response.

### Collect your money or hire a pro

So if you have a written response, then it is either a denial, an offer of settlement, or a request for more information.

If it is an offer, you’ll have to decide if you should take it or not.

If you don’t like the offer, then either start making counter offers and try to negotiate a settlement, give up, or hire an attorney or professional to help you bring your claim to a favorable settlement.

If the written response is a request for more information, then you’ll have to decide how to respond to the request appropriately (call us or [fill out our free claim consultation form](#) and we’ll give you our opinion at no charge!).

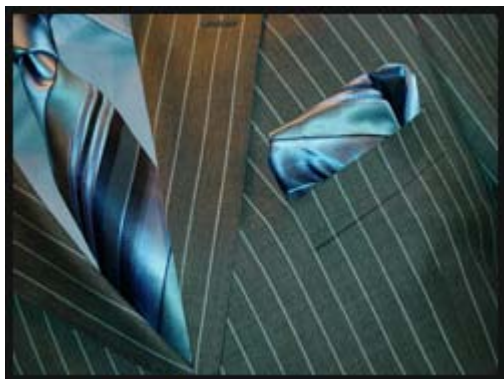
If the written response is a denial, then you either give up or take a more aggressive approach at provoking a fair settlement.

## Chapter 4:

# Fine, I need professional help. What do I get?

If your claim has been denied and you are at a stand-still, then you have to decide whether to get a professional involved and fight for your money. Below are the two options that most people have, either an attorney or an independent appraiser.

### Attorneys



*It might be difficult to find an attorney that will take on your diminished value case.*

The problem is that the average diminished value claim is only about \$3,000.00.

Unless you have a super expensive vehicle, then an attorney is not likely to be too interested in helping you. Experienced attorneys make over \$100.00 per hour. It will take at least four or five billable hours to resolve a diminished value claim, and that is not counting the cost of a professional report or the cost if a suit is required. It's just not economical for an attorney to take a diminished value case by itself.

Don't get me wrong, there are attorneys that can help you, but it will cost you. When I see attorneys involved in a diminished value cases it is normally because they were hired to handle an injury claim.

Anyway, what do you get if you hire an attorney?

Your attorney should hire an expert and do all of the demanding and negotiating for you. Our office specializes in helping attorneys bring low dollar claims to a resolution, so if you find an attorney that will take your case, but doesn't know what to do, tell them to call or [email us!](#)

## Independent Appraisers

What will you get from a diminished value expert?

Good question.

I can't answer for other experts. In fact, the majority of DV experts out there simply aren't experts in how to recover diminished value. They talk big, but normally provide a less than stellar report and then disappear leaving you to navigate your claim alone.

That's not the story with Petty Details, LLC. I'm the CEO and I control the quality of our product. In my opinion, what makes a really good expert (outside of having the credentials) is the level of assistance provided to their customers.

If you opt to hire an expert, then you want to get someone that is highly experienced in both insurance claims and vehicle damages and values, and somebody that can walk you through the sometimes confusing claims process. That is why Petty Details, LLC exists and is successful. We won't leave you hangin'. Believe it or not, our success rate on non-attorney represented individuals is over 99% (some people give up). When we work for attorneys, at the time of this writing our success rate is 100%.

We even train insurance adjusters and attorneys on the best practices for resolving diminished value claims.

We hope you have found this ebook informative and useful!

Check out some of the stories below of people that ended up getting professional help. . . .

## Testimonials

*Linda G.*



Linda G. is the owner of a Mercedes, and boy is she particular when it comes to her vehicle. Unfortunately, when we met, it was because her Mercedes had been severely damaged.

She found us on the internet and was very wary of us. She even went so far as to tell me that her husband had told her she was wasting her time and money trying to get paid for diminished value. It was very hard to convince Linda that she was not wasting her time, and let me tell you, she really spent plenty of time on the claim herself because our office received over 100 emails during the course of her case!

After a long hard fight and the initiation of a small claims suit, Linda was successful in recovering her full diminished value!

*Here's what she had to say once her case was over. . .*

"Justin,

Thank you so much for all your help with my diminished value claim!

As you know, Progressive settled out of court. I received my check for \$ 5,000.00 Friday ...almost all of what I was asking for!!

I am thoroughly satisfied with your service. It's nice to know that these days there REALLY ARE people out there who are honest and honestly want to make the right thing happen!!

I appreciate all your help and putting up with all my doubts and questions - your service is above and beyond quality and honesty!

YOU ROCK!!!!!!!!!!!!!!!!!!!!!! :O) Linda G."



*Greg N.*

Luxury vehicles come in many shapes and forms, and so do their owners. In December 2009, I met the owner of a 2008 Honda S2000 named Greg. His vehicle wasn't really classified as a luxury vehicle, but the owner had luxury vehicle attitude, and that's the point about luxury vehicles.



Owners of luxury vehicles generally take exceptional care to protect their cars of any damage, and most luxury vehicle owners wouldn't dream of purchasing any luxury vehicle that had ever sustained any damages, even if the repairs were not evident.

*The point is, luxury vehicles lose quite a bit of value when they are damaged and repaired.*

Greg was going to have a bit of a fight on his hands because of the company with which he was going to have to deal. I agreed to assist and provide the expert documentation on the lost value and estimated the loss to be \$4,471.00. He presented the demand and, as expected, had a rough time.

**Ultimately, Greg filed a small claims suit, and wouldn't you know it. . . . just days before trial here is the e-mail I received:**

"Justin, thank you so much for your help. The insurance company just agreed to pay \$4000 for my diminished value claim. Looks like I will not need you at trial.

I appreciate all you've done!

- Greg"

There are many more stories to tell - [visit our website](http://www.pettydetailsllc.com) at [www.pettydetailsllc.com](http://www.pettydetailsllc.com) and see if you can find one like yours and remember....

Sometimes it's just in the Petty Details!

Petty Details, llc  
*Claims Services*

# Acknowledgements

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website: [www.pettydetailsllc.com](http://www.pettydetailsllc.com)

email: [justin@pettydetailsllc.com](mailto:justin@pettydetailsllc.com)