

## Appearance Allowances

One of the more misunderstood issues when hearing damage disputes is appearance allowances. First, what is an appearance allowance? An appraiser may offer an appearance allowance (compensation) for minor cosmetic damages that may not be clearly visible but could be expensive to repair.

This can become confusing for an arbitrator when the Recovering Party applies both a deductible and an appearance allowance on the same estimate. In this example, the gross damages without the appearance allowance total \$3,656.57. There is a \$500.00 deductible, which is reduced to \$300.00 due to the application of the \$200.00 appearance allowance. The estimate supports net damages totaling \$3,356.57 ( $\$3,556.57 - \$500.00 + \$200.00$ ) as shown in the example below.

### ESTIMATE TOTALS

Category	Basis	Rate	Cost \$
Parts			1,550.82
Body Labor	12.9 hrs @	\$ 55.00 /hr	709.50
Paint Labor	7.2 hrs @	\$ 55.00 /hr	396.00
Mechanical Labor	2.4 hrs @	\$ 95.00 /hr	228.00
Paint Supplies	7.2 hrs @	\$ 47.00 /hr	338.40
Miscellaneous			99.95
Other Charges			3.00
Subtotal			3,325.67
Sales Tax	\$ 3,325.67 @	9.9500 %	330.90
<b>Total Cost of Repairs</b>			<b>3,656.57</b>
Deductible			500.00
Appearance Allowance			-200.00
<b>Total Adjustments</b>			<b>300.00</b>
<b>Net Cost of Repairs</b>			<b>3,356.57</b>

When seeking damages for this arbitration, the Recovering Party is seeking auto damages totaling \$3,856.57. This amount includes the \$3,656.57 Total Cost of Repairs (including the \$500.00 deductible), plus the \$200.00 appearance allowance. The Recovering Party is allowed to seek the recovery of their appearance allowance in the Auto forum, since the appearance allowance is for damages that were incurred by the Recovering Party. Remember, the appearance allowance is not a deductible credit; it is to compensate the insured for loss-related damages that were not repaired.

Below, you will see the damage decision entry page. Here, the Recovering Party is seeking auto damages, which include the appearance allowance less the deductible ( $\$3,656.57 + \$200.00 - \$500.00 = \$3,356.57$ ).

Disputes

BETA INSURANCE OF COLORADO (MATT JONES)

Proposed Amount: \$3,156.57

Dispute Types: Unnecessary/Unreasonable Operations

Justification:

We do not owe for the appearance allowance, this was applied to the deductible.

A comment is required on all evidence attached to the damage by a ■

Determine Auto Damage Amount

Confirm Amount (\$3,356.57)  Reduce Amount

Apportion Damages

Cancel Done

After your review of the damage arguments, rebuttals, and evidence, you will determine if the Recovering Party has proven the disputed appearance allowance. For this filing, after the arbitrator’s review, the arbitrator concluded the Recovering Party’s estimate supported the appearance allowance, as noted below.

Determine Auto Damage Amount

Confirm Amount (\$3,356.57)  Reduce Amount

Apportion Damages

Change Apportioned Amount

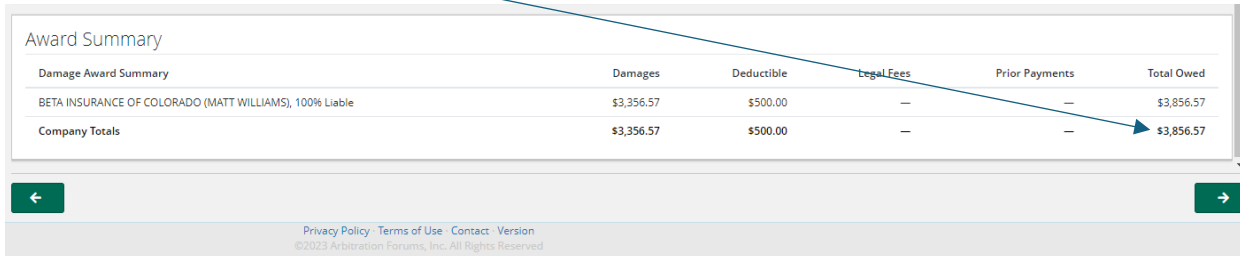
Party	Proven Liability	Apportionment
BETA INSURANCE OF COLORADO (MATT WILLIAMS)	100%	\$3,356.57
<b>Total Apportioned Amount</b>		<b>\$3,356.57</b>

✓ Justification

Alpha's estimate and their adjuster's line notes supported the appearance allowance that was given for the cosmetic right fender damages. |

Cancel Done

Once the decision entry is complete, the arbitrator will click the “Done” button. The arbitrator confirmed the \$500.00 deductible was supported and clicked the “Accept” button. For the award summary, you see that the auto damages, which included the appearance allowance and the deductible, have been awarded in the amount of \$3,856.57.



Award Summary

Damage Award Summary	Damages	Deductible	Legal Fees	Prior Payments	Total Owed
BETA INSURANCE OF COLORADO (MATT WILLIAMS), 100% Liable	\$3,356.57	\$500.00	—	—	\$3,856.57
<b>Company Totals</b>	<b>\$3,356.57</b>	<b>\$500.00</b>	<b>—</b>	<b>—</b>	<b>\$3,856.57</b>

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The key point to remember is while the estimating system will apply the appearance allowance to the deductible, it is not a deductible credit. The appearance allowance is for the reimbursement of cosmetic damages that were not repaired. The appearance allowance is not included in the net repair costs or the deductible, and if proven, is owed in addition to the net auto damages and deductible.