

Total Loss Versus Repair

A common dispute argued in arbitration is that the Recovering Party should have repaired their vehicle, instead of declaring the vehicle a total loss, or vice versa. First, let's discuss when a vehicle is thought to be a total loss. Typically, an insurance company will consider a vehicle a total loss when the repair costs are greater than the vehicle's market value (ACV), the estimated repair cost meets the state's total loss threshold, or when the vehicle cannot be repaired due to extensive damages (structural total loss). If the decision to total the vehicle is in dispute, the Adverse Party will likely argue that none of these three factors were met. The Recovering Party may rebut the dispute explaining how their decision to total the vehicle was justified.

To support their damage arguments, the Recovering and Adverse parties will need to provide evidence to prove their position on whether the vehicle was a total loss. Types of evidence could include:

- The repair estimate
- Vehicle photos showing the extent of the damage
- Salvage recovery documentation
- Salvage quote
- Adjuster notes detailing the reason for totaling the vehicle

Once the arbitration has been submitted for hearing, the arbitrator will weigh the contentions and rebuttals presented. The arbitrator will then review the submitted evidence to determine which party supported their position.

Total loss versus repair is one of the more frequent disputes we see in arbitration. Hopefully, this article provides some additional information for the Recovering and Adverse parties and the arbitrator to consider, when hearing, responding, and filing these types of disputes.