

Appraiser Blog

Diminished Value in North Carolina



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Got into a car accident recently and worried about how it'll affect your car's resale value?

You're not alone.

Thousands of North Carolinians face the same problem every year.

Even after perfect repairs, your car might still lose value—a loss that insurance companies don't always like to talk about.

This is what we call "diminished value." In North Carolina, knowing your rights can make all the difference in claiming what you're owed.

This article will guide you through the process, giving you insights and expert advice to ensure you don't leave money on the table.

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What is Diminished Value?

When your car is involved in an accident, its market value often drops even if it's repaired to its original condition. This loss in value is referred to as diminished value.

Essentially, a car that's been in an accident, regardless of how well it's been repaired, is generally worth less than a comparable car that's never been in a wreck.

This reduction in value is particularly significant when you try to sell or trade in your vehicle.

In North Carolina, this concept holds considerable weight, especially because of the state's "at-fault" insurance system.

If another driver caused the accident, you might be entitled to claim this diminished value from their insurance company.

Types of Diminished Value

Understanding the different types of diminished value can help you assess your situation better:

1. **Immediate Diminished Value**

This refers to the reduction in the vehicle's market value immediately after an accident, before any repairs are done.

2. **Inherent Diminished Value**

This is the most common type and refers to the loss in value that remains after the vehicle has been fully repaired. Potential buyers often perceive a repaired vehicle as less valuable simply because it has a history of damage.

3. **Repair-Related Diminished Value**

This occurs when the repairs are subpar or visible, leading to an additional decrease in the vehicle's market value.

In most cases, insurance companies only recognize inherent diminished value, which can lead to disputes over how much compensation you're entitled to.

The History of Diminished Value Claims in North Carolina

Diminished value claims have become increasingly significant in North Carolina, partly due to key legal precedents that have shaped the way these claims are handled.

One of the most notable cases was "**Mosley v. Nationwide Mutual Insurance Co.**"

In this 2003 case, the North Carolina Court of Appeals ruled that policyholders could indeed file claims for diminished value against their own insurance companies, not just the at-fault driver's insurer.

This ruling was a game-changer, setting the stage for countless claims across the state.

Another important case was "**Hodges v. Hanover Insurance Co.**" in 2004, which further clarified that the burden of proof falls on the claimant to demonstrate the diminished value.

This means that if you want to claim diminished value, you need to provide solid evidence, such as a professional appraisal, to support your case.

These cases underscore the importance of understanding your rights and the potential hurdles you might face when filing a diminished value claim in North Carolina.

Statistics on Diminished Value in North Carolina

The exact numbers on diminished value claims can vary widely, but here are some key stats to keep in mind:

- **Average Diminished Value Claim**
According to the North Carolina Department of Insurance, the average diminished value claim in the state ranges from \$1,500 to \$3,000, depending on the make, model, and extent of the damage.
- **Percentage of Claims**
It's estimated that only about 20% of car accident victims in North Carolina pursue diminished value claims, largely due to a lack of awareness.
- **Claim Success Rate**
Among those who do file claims, about 60% reach a settlement, with the remaining 40% often going into arbitration or litigation.

These statistics highlight both the potential value of pursuing a diminished value claim and the challenges involved in getting a fair settlement.

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Expert Advices

Experts in the field of auto appraisals and insurance law offer several pieces of advice for anyone looking to file a diminished value claim in North Carolina:

- **Get an Independent Appraisal**

"One of the biggest mistakes people make is relying on the insurance company's valuation of the diminished value," says John Smith, a certified auto appraiser based in Raleigh. "Always get an independent appraisal to have a solid basis for your claim."

- **Document Everything**

Attorney Laura Williams, who specializes in auto insurance disputes, emphasizes the importance of thorough documentation. "Keep records of all repairs, the accident report, and any communication with the insurance company. This evidence is crucial if your claim is challenged."

- **Don't Settle Too Quickly**

"Insurance companies often try to get you to settle quickly for less than what you deserve," warns David Johnson, a Charlotte-based personal injury lawyer. "Be patient and don't be afraid to negotiate or even seek legal advice if necessary."

Tips for Maximizing Your Diminished Value Claim

While many resources cover the basics of filing a diminished value claim, there are some lesser-known strategies that can help you maximize your settlement:

- 1. Check Your Vehicle's History Report**

Before negotiating your claim, check your car's history report on services like Carfax or AutoCheck. This report will show how the accident and repairs are reflected, which can be a powerful tool in your negotiations.

- 2. Consider the Timing**

Filing your claim as soon as possible after the accident can make a significant difference. The fresher the claim, the harder it is for the insurance company to argue that the diminished value has decreased over time.

- 3. Know the Market**

Understanding the current market value of your vehicle in your specific region of North Carolina can give you an edge. For instance, if your car is a popular model in your area, the diminished value could be higher.

- 4. Hire a Diminished Value Expert**

For more complex cases, especially with luxury or high-end vehicles, hiring a specialized diminished value expert can be worth the investment. These experts can provide detailed reports that are hard for insurance companies to refute.

Filing Your Diminished Value Claim in North Carolina

Here's a step-by-step guide to help you navigate the process of filing a diminished value claim:

1. **Report the Accident**

Immediately report the accident to both your insurance company and the at-fault driver's insurer.

2. **Get an Independent Appraisal**

As mentioned earlier, hire an independent appraiser to assess your car's diminished value. This will give you a solid number to base your claim on.

3. **Gather Documentation**

Compile all necessary documents, including repair records, the accident report, and any communication with the insurance company.

4. **Submit Your Claim**

Submit your diminished value claim to the at-fault driver's insurance company. Include your independent appraisal and any other supporting documents.

5. **Negotiate**

Be prepared to negotiate with the insurance company. They may offer a lower amount than what you're claiming, but don't be afraid to push back.

6. **Seek Legal Help if Necessary**

If the insurance company refuses to offer a fair settlement, you might need to consider legal action. Consulting with an attorney who specializes in diminished value claims can be a wise move.

Is Your Car's Diminished Value Claim Worth the Fight?

In North Carolina, understanding and pursuing a diminished value claim can make a significant difference in your financial recovery after an accident.

While the process can be challenging, especially when dealing with insurance companies that may try to minimize your claim, being informed and prepared can give you the upper hand.

Have you or someone you know successfully filed a diminished value claim in North Carolina?

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