
Your own insurance company is not supposed to be the problem. You paid the premiums, you filed the claim through the right channels, and now you are waiting for a fair outcome. But when it comes to diminished value, the coverage you have been paying for often does not work the way you expect. A first-party diminished value claim in North Carolina or South Carolina is a legitimate financial recovery, and in certain situations it is your only available path. The catch is knowing exactly when it applies, what it covers, and how to make it stick.

First-Party vs. Third-Party: What the Terms Actually Mean

Every diminished value claim involves two potential paths, and which one you take depends entirely on fault.

A third-party claim is what most drivers think of when they hear 'diminished value.' You were not at fault, the other driver's liability insurance is responsible for your damages, and diminished value is a recognized component of that property damage. This is the more common and usually more straightforward route.

A first-party claim means you are filing against your own insurance policy. This happens when you caused the accident and are using your own collision coverage, when the at-fault driver had no insurance and you are filing under your uninsured motorist coverage, or when a hit-and-run driver cannot be identified. In all of these cases, you are dealing with your own carrier rather than someone else's.

The important distinction for Carolina drivers: **diminished value is a compensable loss** in both states, but the recovery path and the obstacles you face are different depending on which type of claim you are filing.

Does Your Own Insurance Policy Cover Diminished Value?

This is the question most people never think to ask until they need the answer. The short version is: it depends on your policy language, and most standard policies do not include it by default.

Collision Coverage and Diminished Value

Standard collision coverage pays to repair or replace your vehicle if you cause an accident. What it almost never covers is the drop in your car's resale value after the repair. The policy is written to restore the vehicle to its pre-accident condition physically. The financial consequence of having an accident on your vehicle's history record is a different matter, and insurers typically exclude it unless the policy specifically says otherwise.

A small number of policies do include a first-party diminished value provision. These are not common, but they exist. If you are unsure whether your policy includes this, pull the declarations page and look for language around 'loss of value,' 'diminished value,' or 'market value loss.' If you cannot find it, call your carrier and ask directly. Get the answer in writing.

Uninsured and Underinsured Motorist Coverage

UM/UIM coverage is where first-party diminished value claims have the most traction in the Carolinas. When an uninsured or underinsured driver hits you, you file under your own UM/UIM policy instead of against the at-fault driver directly. The question is whether that coverage extends to diminished value.

North Carolina and South Carolina handle this differently, and even within each state, individual policy language matters a great deal.

Whether your UM/UIM policy covers diminished value often comes down to a single question: does your policy define UM/UIM coverage as paying what the at-fault driver 'would have owed' you? If yes, and if that driver would have owed you diminished value under a third-party claim, your UM coverage may follow the same logic.

North Carolina: A Narrower Window

North Carolina's **contributory negligence rule** already makes third-party diminished value claims difficult when fault is even slightly shared. First-party claims present their own set of complications.

For UM claims in North Carolina, courts and regulators have generally interpreted UM/UIM coverage as substituting for the liability coverage the at-fault driver should have had. Under that interpretation, if the at-fault driver would have owed you diminished value under a third-party liability claim, your UM carrier steps into that driver's shoes and owes you the same. This is the strongest legal argument for first-party DV recovery in NC.

However, North Carolina insurers routinely deny these claims on the first pass. The denial is not necessarily the final word. Carriers rely on policyholders accepting initial responses without pushing back. An independent appraisal that documents the specific diminished value amount gives you a concrete figure to dispute against, rather than a vague disagreement about whether the coverage applies at all.

For at-fault accidents where you are relying purely on your own collision policy, the path is much harder in NC. Unless your policy explicitly includes a diminished value provision, recovery is unlikely through standard policy channels.

South Carolina: More Room to Work With

South Carolina's modified comparative fault system is more flexible than NC's contributory negligence standard, and that flexibility extends into the first-party DV space in some situations.

South Carolina's UM/UIM statutes have been interpreted to provide coverage for damages the insured would have been able to collect from an at-fault driver. That includes diminished value when it would have been recoverable in a third-party claim. The practical effect is that SC policyholders filing under UM coverage after a hit-and-run or an uninsured driver accident have a reasonable basis to include diminished value in the claim.

Like NC, the initial response from your carrier is often a denial. South Carolina has bad faith insurance statutes that put real teeth on unreasonable claim denials, which gives you additional leverage when disputing a first-party claim that has been wrongly rejected. **Understanding how Carolina DV claims are handled in 2026** matters especially when you are already dealing with your own insurer rather than a third party.

When a First-Party DV Claim Is Worth Pursuing

Not every first-party diminished value situation warrants a formal claim. Here is a practical breakdown of when it makes sense to pursue one versus when the math does not work in your favor.

Situation	Claim Type	DV Recovery Realistic?
Not at fault, other driver insured	Third-party liability	Yes, strongest path
Hit by uninsured driver, UM coverage held	First-party UM	Often yes, requires pushing back
Hit-and-run, driver unidentified	First-party UM	Possible, depends on policy
You caused the accident, collision coverage	First-party collision	Rarely, only if policy has DV provision
At-fault driver underinsured, gap exists	First-party UIM	Possible for gap amount, policy specific

The vehicles where first-party DV claims make the most financial sense are newer, lower-mileage models with higher pre-accident market values. A three-year-old truck worth \$42,000 that loses \$8,000 in market value after a significant repair is a very different situation from a high-mileage commuter car. **Trucks and SUVs in particular tend to take steeper diminished value hits**, which is worth factoring into your decision to file.

How to Document a First-Party Diminished Value Claim

The documentation requirements for a first-party claim are essentially the same as for a third-party one. You still need to establish what the vehicle was worth before the accident, what repairs were done, and what the market now pays for a comparable vehicle with accident history on its record.

What changes is the dynamic. When you are filing against the at-fault driver's insurer, you are an adversary from the start and both sides know it. When you are filing against your own carrier, there is sometimes an assumption that the insurer is on your side. That assumption is wrong. Your carrier has the same financial incentive to minimize the payout that any other insurer does.

The documents that matter most:

- The police or accident report establishing the facts of the incident
- Complete repair records including line-item repair orders and final invoice
- Pre-accident vehicle history showing clean title and no prior damage
- An independent professional appraisal quantifying the specific diminished value amount
- Current comparable vehicle listings showing the price gap between clean-history and accident-history equivalents in the Carolina market

Without an independent appraisal, you are letting your own insurance company determine how much you are owed. That is a conflict of interest built into the process. **Knowing how to prove and maximize your claim** before you engage with the adjuster is the difference between a negotiation and a capitulation.

What to Do When Your Carrier Denies the Claim

A denial from your own insurance company on a first-party diminished value claim is not a dead end. It is a starting position. Here is the escalation path that produces results:

- **Get the denial in writing.** Ask for the specific policy language the carrier is relying on to deny diminished value coverage. Vague verbal denials are not binding.
- **Review your policy appraisal clause.** Many policies include an appraisal clause that allows you to hire an independent appraiser when you disagree with the insurer's valuation. This clause is your right under the policy.
- **File a complaint with the state insurance department.** Both the NC Department of Insurance and the SC Department of Insurance accept complaints about claim handling. An unreasonable denial can constitute bad faith under both states' statutes.
- **Consult an attorney if the amount justifies it.** For significant diminished value losses on higher-value vehicles, an attorney specializing in insurance bad faith can often recover the full amount plus additional damages.

The Market Reality That Makes This Worth Fighting For

The used car market in the Carolinas in 2026 is one where buyers have more options and more information than they have had in years. Vehicle history reports are standard practice. Buyers cross-reference Carfax entries before making offers. The market penalty for accident history is real and measurable, and it does not care whether you were at fault, whether the at-fault driver had insurance, or which coverage channel you used to pay for repairs.

Your vehicle's resale value took a hit the moment that accident appeared in its history. Whether you recover any of that loss depends on whether you pursue it. [Understanding how an accident affects your car's resale value](#) in concrete terms gives you a realistic picture of what is at stake before you decide whether a first-party claim is worth the effort.

For most newer vehicles with significant damage history, the answer is yes.

Not Sure If Your Policy Covers Diminished Value?

Whether you are dealing with an uninsured driver or navigating your own collision coverage, we can help you understand what your claim is worth and whether it is worth filing.

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Frequently Asked Questions

Can I file a first-party diminished value claim if I caused the accident in NC or SC?

It is very difficult if you are relying on standard collision coverage. Most collision policies do not include a diminished value provision. Your best path is to review your policy declarations page for any language about loss of value or market value loss, and to ask your carrier directly whether a DV endorsement was added. Without that explicit coverage, a first-party DV recovery through collision insurance is unlikely in either state.

Does uninsured motorist coverage pay for diminished value in North Carolina?

It can. North Carolina courts have generally interpreted UM coverage as standing in for the liability coverage the at-fault driver should have carried. If that driver would have owed you diminished value under a third-party claim, your UM carrier may owe you the same amount. The initial response from your carrier is often a denial, but that denial is not necessarily final. An independent appraisal and a written dispute of the denial is the starting point.

What is the appraisal clause in my insurance policy and how does it help with a first-party DV claim?

The appraisal clause is a provision in most auto policies that allows either party to demand an independent appraisal when there is a disagreement about the value of a loss. When your carrier denies or undervalues a diminished value claim, invoking the appraisal clause forces both sides to engage with a neutral third-party number rather than the insurer's internal estimate. It is one of the most direct tools available in a first-party dispute.

How long do I have to file a first-party diminished value claim in the Carolinas?

Both North Carolina and South Carolina generally allow three years to file a property damage claim. However, your insurance policy may contain a shorter contractual deadline, sometimes as little as one year. Read your policy carefully. Waiting also weakens your case, since repair documentation becomes harder to obtain and market comparables shift over time.

Can I use the same independent appraiser for a first-party claim that I would use for a third-party claim?

Yes. The appraisal methodology is the same regardless of whether the claim is first-party or third-party. The appraiser documents the pre-accident value, the nature and extent of repairs, and the current market discount applied to vehicles with comparable accident history in your area. That report is equally useful whether you are presenting it to your own carrier or to the at-fault driver's insurer.