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Property and Casualty Lines Office
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Comments to TDI related to Informal Working Draft on Rules Mandating Appraisal Provisions for Home and Auto Policies

Dear Mr. Muckerheide,

We want to thank TDI for their work on these Rules. Below are comments related to the Rules presented in the Informal Working Draft

5.9802. General Requirements. (a) (1) allows either party to unilaterally demand appraisal.

We believe this is an essential element of these Rules and it must remain that either party is allowed to unilaterally demand appraisal for the appraisal process to work as intended.

5.9802. General Requirements. (b) Minimum qualifications, Appraisers and umpires must be:

(2) independent from the parties: and

(3) disinterested in the outcome of the appraisal.

We believe these requirements are a very important part of these Rules. On the auto side, several large carriers regularly require their independent appraiser to send their loss statement to the insurer for review and to make changes to, prior to their appraiser discussing the appraisal loss statement with the insured's appraiser. The insurers are also instructing that their appraisers choose specific umpires. This process corrupts the independent appraisal process. We think some additional language such as, "appraisers and umpires must remain unbiased, independent, disinterested, and not be instructed or coached by any outside interest during the appraisal process" could make this section more effective. In addition, some clear penalties for violations of this clause and the other clauses in these Rules would be very helpful.



5.9804. Personal Automobile Appraisal Process. (5) If an umpire is engaged, the appraisal award must be issued not later than 180 days after the umpire is selected or appointed. If an appraisal award is not issued by the deadline, the appraisers may select a new umpire.

The way we interpret this section, it allows for the parties to wait an additional 180 days after the umpire is appointed, which could be up to 210 days after the appraisal begins. This allows the appraisal to last over one year. The umpire's role does not require this amount of time. The estimates have already been created, and the umpire should be able to complete whatever work they need to do within 30-60 days. We feel the 180- day timeline will unnecessarily delay the resolution of auto appraisals.

5.9805. Notice to Policyholders.

We believe the notice required in this section should be required to be in a larger, different font that is italicized and bold. It could be required to meet the "conspicuous" definition in the policy.

As a whole, we are thankful for TDI's work on these rules and appreciate that the residential property and auto appraisal processes have been somewhat separated to allow for the quicker resolution of auto claims.

Sincerely,

Robert McDorman