



June 8, 2026

Via electronic mail (ChiefClerk@tdi.texas.gov)

Commissioner Amanda Crawford
Texas Department of Insurance
PO Box 12030
Austin, TX 78711-2030

Re: Written comments for 28 TAC §§5.9800 - 5.9806, concerning requirements for appraisals to implement Senate Bill 458, 89th Legislature (2025)

Dear Commissioner Crawford,

Texans need an insurance appraisal process that is fast, fair, and free from gamesmanship. We request that the Texas Department of Insurance (TDI) adopt a final rule that creates **definite deadlines that avoid delay and preserves procedures that protect policyholders.**

We commend TDI – and the Office of Public Insurance Counsel – for studying and highlighting the importance of this issue for the Texas Legislature. After a years-long effort, lawmakers produced **SB 458, landmark legislation intended to bring clarity, efficiency, and fairness to the appraisal process.**

Our non-partisan, non-profit organization has advocated for the rights of policyholders in our state for over 25 years. We were heavily involved with this issue in the years leading up to this important bill's passage. Contrary to assertions made by insurance lobbyists at last week's hearing, we believe a review of the full legislative record will show that **lawmakers did intend for insurance appraisal to operate on a "use-it-or-lose-it" basis.**

Lawmakers heard much testimony about how **insurance appraisal has been gamed to create delay and strategic advantage.** A recent example can be seen in the case styled *Weldon v. State Farm Lloyds, et al.* in the 260th Judicial District Court (cause no. 230348-C). This bad faith insurance case stems from a June 2023 tornado. The parties were years into the litigation when State Farm invoked appraisal, just two weeks out from trial. This is precisely the problem that lawmakers intended to fix with the passage of SB 458. Appraisal should have taken place much earlier; instead, it was apparently held and used as an ace up the sleeve. We encourage TDI to consult with the bill's authors on this important point.

When used properly, insurance appraisal can make a big difference in resolving cost disputes. In 2023, we studied over 1,200 auto claims files that went through the appraisal process. Our report, entitled [Impact of Auto Appraisal](#), found an average difference of \$5,307.35 between the appraisal award and insurance offer for these auto repair claims. TDI's comprehensive [Appraisal Experience Data Call Report](#), released December 2024, showed an average difference of \$5,252 on personal auto claims and \$22,606 on residential property claims (p. 11-12). This is real money for Texas families, many of whom lack the personal savings to make up the difference out-of-pocket when they are systematically under-indemnified by their insurer. Indeed, the Federal Reserve's [Report on the Economic Well-Being of U.S. Households in 2024 – May 2025](#) found 37% of U.S. adults cannot cover a \$400 emergency expense with cash or savings, and 45% [do not have three months'](#) worth of emergency savings. **The thousands of dollars that insurance appraisal can return to policyholders with deserving claims represents real money for Texas families.**

As TDI develops its final appraisal rule, we urge you to adopt **three essential consumer protections.**

First, unnecessary delay must end. **Any party invoking appraisal on a homeowners' claim should be required to do so within one year of the notice of claim.** The initial filing of the insurance claim is a fixed deadline, known by everyone,

existing outside of the control of the insurance company or its legal counsel. Creating a deadline within one year of this point in time provides plenty of time for the insurance carrier to investigate and adjust the claim. It also avoids the constitutional issues raised by advocates at the hearing who sought to tie the deadline to the point in time when a lawsuit is filed (or several weeks after it is answered). Policyholders possess a constitutional right to a trial by jury in our courts which should not be impeded by administrative measures. For both homeowners' and personal auto insurance, tying the deadline to the filing of the claim with the carrier prevents strategic delay and ensures appraisal remains a prompt, efficient tool for resolving cost disputes.

Second, **policyholders must retain the right to ask a court to appoint the appraisal umpire when the parties cannot agree.** Court appointment is the only safeguard that ensures independence, neutrality, and public accountability. Removing, confusing, or weakening this right would tilt the process toward insurers and undermine trust in the system. Insurance carriers will have frequent experience with the appraisal process, different appraisers, and different umpires. Affected policyholders may only go through the process once in their lifetime. This creates an asymmetry of information and incentives that can be exploited by the more sophisticated and knowledgeable party. In economics, this is known as the "repeat player" problem. Ensuring independent judges will oversee the appraisal process through the selection of a truly neutral umpire can protect policyholders from being funneled into a rigged game.

Third, the rule must include **real enforcement.** Deadlines without consequences invite abuse. TDI should adopt clear, enforceable penalties when a party fails to meet appraisal deadlines, including loss of the right to invoke appraisal or administrative sanctions.

Texans pay their premiums on time. They deserve an appraisal process that respects their rights, prevents delay, preserves court oversight, and includes meaningful enforcement. We thank you for your consideration and for working toward a rule that protects policyholders and their property.

Respectfully submitted,



Ware V. Wendell
Executive Director
Texas Watch

cc: Chairman Charles Schwertner, Texas Senate
Chairman Jay Dean, Texas House of Representatives
Mr. David Bolduc, Office of Public Insurance Counsel