TADA®
Texas Automobile Dealers Association

1108 Lavaca, Suite 800
Austin, Texas 78701
Phone: 512-476-2686
www.tada.org

June 8, 2026

Office of the Chief Clerk, MC:GC-CCO
Texas Department of Insurance
P. O. Box 12030
Austin, TX 78711-2030

Sent via email: Chief-Clerk@tdi.texas.gov

Re: Proposed Subchapter Q. General Property and Casualty Rules
Division 4. Appraisal Requirements
28 TAC §§5.9800 - 5.9806
51 *TexReg* 3050 - 3058 (*Texas Register*, May 8, 2026)
Implementing SB 458, 89th Legislature, R.S., 2025

To: Office of the Chief Clerk,
Texas Department of Insurance:

On behalf of the Texas Automobile Dealers Association (TADA), a non-profit organization composed of franchised new motor vehicle dealers and heavy duty truck dealers, please accept the attached comments regarding the proposed rules as published in the *Texas Register*, 51 *TexReg* 3050 - 3058 (May 8, 2026).

The proposal allows for an appraisal provision as a type of dispute resolution process to determine the amount of loss when that amount is in dispute between the policyholder and the insurer for a personal automobile insurance policy and a residential property insurance policy, as provided for in SB 458, 89th Leg., R.S., 2025.

TADA appreciates the separation of the appraisal process for residential and personal automobile insurance as the necessary expertise for a dispute between the insured and insurer requires unique knowledge in these two very different areas of insurance.

§5.9801. Definitions.

The usage of the "vendor" term, specifically an "independent vendor" in §5.9805(b)(3)(B)(i) and (C) and in §5.9806(b)(3)(B)(i) and (C) allows that an appraisal provision may include an option for an umpire appointment by an "independent vendor."

For a policyholder who is unfamiliar with the appraisal process, TADA requests including a definition in §5.9801 for "independent vendor," which is used in the appraisal requirements, so that a policyholder is able to better understand the process with respect to appraisals and the appointment of an umpire.

§5.9802. General Requirements for Appraisal Provisions.

The proposed rules include general requirements that must be included within every applicable insurance policy for appraisal, including the requirement that the appraisal award is binding as to the amount of loss *unless*:

(A) it is made without authority;

(B) it is not made in substantial compliance with the appraisal provision; or,

(C) there is fraud, accident, or material mistake relevant to the appraisal.

(§5.9802(4))

TADA requests the following additional reason to be included in subsection §5.9802(4) as to when an appraisal award is not binding:

> (D) the appraiser or umpire has an interest, pecuniary or otherwise, in the outcome of the appraisal.

A minimum qualification for both an appraiser and an umpire is that they must be independent from the parties and disinterested in the outcome of the appraisal (§5.9804(a)(2), (3)).

If it is determined that either an appraiser or an umpire is not independent from the parties or has an interest in the outcome, TADA requests that the appraisal award not be binding on the insurer or insured.

§5.9803(b)(4), §5.9805(b)(3)(C) & §5.9806(b)(3)(A). Judicial Appointment.

TADA requests that if a party asks for an umpire to be appointed through a judicial appointment, that such judicial appointment prevails over any other umpire selection process or service. Such prevailing judicial appointment is also requested to be included within a policy and the notice, in compliance with §5.9803.

In addition, including the method to request judicial appointment of an umpire as stated in §5.9803(b)(4), along with any additional necessary information such as that the appraisal does not require the parties to reach an impasse before a party can demand an appraisal (*see* §5.9802(2)), is also encouraged to be added to §5.9803, Appraisal Process Notice to Policyholders.

§5.9804. Minimum Qualifications for Appraisers and Umpires.

A minimum qualification for an appraiser and an umpire includes independence from the parties (§5.9804(a)(2)). In order to assure a personal automobile appraiser's or umpire's independence, TADA requests a required disclosure with respect to any personal automobile insurance company or automobile repair facility for which an appraiser or umpire has provided services for compensation for a stated period of time. Such information should be disclosed so that a party may make an informed determination when selecting an appraiser or umpire.

Requiring an automobile appraiser or umpire to disclose any previously compensated services from an automobile insurance company or automobile repair facility provides notice of any potential conflicts and gives some assurance that the appraiser or umpire meets the minimum qualifications set out in §5.9804.

Knowledge and experience in the types of repairs available for an automobile and for the various makes and models of motor vehicles is also necessary for an appraiser or umpire in personal automobile policies. TADA recommends that the

ASE certification and the I-CAR Platinum certification as a requirement for both an appraiser and an umpire for automobiles to be included in §5.9804.

As §5.9804 states that an appraiser and an umpire for residential property appraisal should be an individual who otherwise has occupational experience or training in constructing or repairing the type of damaged property at issue or estimating the type of property loss at issue, a similar requirement is requested to be included for an appraiser and an umpire regarding personal automobile insurance policies.

Licensing for Appraisers and Umpires.

In order for an insurer or a policyholder to have the assurance that the §5.9804 qualifications for an appraiser or umpire are met, TADA asks that the Texas Department of Insurance (TDI) consider issuing a separate license for: (1.) an automobile appraiser, (2.) an automobile umpire, (3.) a residential appraiser, and (4.) a residential umpire.

Without a TDI license, there is no certainty for an insurer or a policyholder that the §5.9804 minimum qualifications are met and if the minimum qualifications are not met, there is no ramification or penalty for a non-compliant appraiser or umpire to continue to hold themself out as an appraiser or umpire.

Finally, if an insurer or policyholder discovers that an appraisal award is not binding because it was made without authority, was not made in substantial compliance with the appraisal provision, or there was fraud, accident, or a material mistake relevant to the appraisal, as provided by §5.9802(4)(A) - (C), the parties should have a complaint process through TDI so that future insurers or policyholders are not made to suffer the same result.

TADA requests that the Texas Department of Insurance provide for licensing of appraisers and umpires with respect to personal automobile and residential property insurance policies as well as to provide a process for filing a complaint if the appraiser or umpire does not meet the minimum qualifications in §5.9804 or does not satisfy the general requirements for appraisal provisions as required in §5.9802.

On behalf of the franchised automobile and truck dealers, TADA thanks the TDI for their expertise in the proposed rules regarding appraisal requirements for personal automobile and residential property insurance implementing SB 458, 89th Legislature, 2025.

Please do not hesitate to contact me if you have any question.

Sincerely,



Karen Phillips
General Counsel/EVP