Texas Nears Final Mandatory Right to Appraisal Rules Following Public Hearing

Auto Claim Specialists Highlights Key Recommendations and Broad Consumer Support

FORT WORTH, DE, UNITED STATES, July 23, 2026 /EINPresswire.com/ -- As the Texas Department of Insurance (TDI) prepares to finalize its rules governing the Mandatory Right to Appraisal (RTA) under Senate Bill 458, Auto Claim Specialists is outlining the proposed regulatory framework now under consideration as Texas prepares to implement one of the most significant insurance consumer protection reforms in state history.

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>
> *Robert McDorman*

Ahead of TDI's anticipated rule adoption and the September 1, 2026 statutory implementation date, a recent public hearing and an extraordinary wave of grassroots participation have underscored growing support for stronger consumer protections. The hearing represented the last opportunity for public testimony before TDI issues final administrative rules implementing the landmark legislation unanimously approved by the Texas Legislature in 2025, which requires all insurance policies written in the Lone Star State to include the Appraisal Clause under Texas Administrative Code (TAC) Title 28, Part 1, Chapter 5, Subchapter Q, Division 4 (§§5.9800 - 5.9806).

While SB 458 established every eligible Texas policyholder's right to invoke appraisal, the administrative rules now being finalized by TDI will determine how Mandatory RTA functions in practice. "Passing legislation is only part of the process," stresses Robert McDorman, president and founder of Auto Claim Specialists. "The rules determine how that law works in the real world. They establish whether consumers have practical protections they can actually use or whether those protections exist only on paper."

For McDorman, the recent hearing demonstrated something even more significant than procedural progress. "The conversation has fundamentally changed," McDorman noted. "A decade ago, we were trying to convince people there was even a problem. Today, the discussion is completely focused on how to ensure the appraisal process remains independent, transparent and enforceable. That represents tremendous progress for Texas consumers."

Robert McDorman of Auto Claim Specialists

Robert McDorman testifies before 89th Texas Legislature in support of SB 458.

During TDI's official public hearing on Docket No. 2862, stakeholders from across the insurance and automotive landscapes gathered to review the state's proposed rules and offer suggestions to ensure the appraisal process remains truly independent. Significantly, not a single public speaker articulated opposition to the core consumer-focused amendments urged by Auto Claim Specialists and allied watchdogs.

One issue generated significant discussion during the hearing: proposed §5.9806(b)(3) in TDI's April draft, which would permit insurers to embed vendor-based umpire selection mechanisms within their policies before any dispute exists. Testimony from public adjusters, attorneys and consumer advocates centered around the disastrous consequences of carrier-controlled vendor mechanisms, emphasizing that – without clear judicial oversight as the overriding default – policyholders could face structural disadvantages, hidden fees and compromised neutrality in binding loss disputes.

McDorman, whose decade-long defense of policyholders has led some to refer to him as “The

Appraisal Saint," provided testimony during the proceedings. "It is my professional opinion that a vendor-based umpire mechanism, that does not provide the clear election to seek judicial appointment, would create a conduit for insurance carriers to systematically control appraisal outcomes and harm the insured. Replacing court-appointed oversight with a contractual vendor umpire system destroys the independence and original intent of the appraisal process."

McDorman urged TDI to clarify that a timely request by either party for judicial appointment of an umpire must supersede any vendor-based selection process contained within an insurance policy. "Because the appraisal award is binding on both parties under §5.9802, the process by which the deciding neutral party is selected carries the same legal weight as the outcome itself," McDorman explained. "Most policyholders simply don't possess the legal sophistication or resources to challenge carrier-embedded default provisions. Judicial appointment ensures both parties always have access to a neutral decision-maker selected by a court rather than a process established by one side before a dispute even exists."

McDorman emphasized that his recommendations share a common principle: policyholders should clearly understand the rights afforded to them under their insurance policy and retain meaningful control over how disputes are resolved. "Policyholders should not be misled by the documents that govern their rights," he testified. "If a carrier chooses to use a vendor-based umpire mechanism in its policy, consumers should receive fundamental protections."

He urged TDI to require insurers to clearly notify policyholders that they may choose between a vendor-based umpire selection process and judicial appointment at the time of a claim, rather than allowing that decision to be dictated by policy language established before a dispute arises. He also recommended requiring insurers to disclose whether any listed appraisal vendors maintain financial relationships with the carrier or its affiliates, giving consumers greater transparency when evaluating their options. Finally, he argued that if an insurer elects to offer a vendor-based selection process, the insurer – not the policyholder – should bear the full cost of both the vendor's services and the umpire's compensation.

McDorman told regulators those refinements would bring the proposed rules fully in line with the Legislature's intent under Senate Bill 458. "The proposed rules are necessary to the operation of the law," he said. "With these amendments, we close the remaining gap and ensure the appraisal process works for policyholders, not just insurers."

Beyond those consumer protections, McDorman encouraged TDI to pair the new framework with meaningful accountability measures, including licensing requirements, continuing education and enforceable ethical standards for appraisers and umpires. "A rule without consequences is merely a suggestion," he stated. "We need formal licensing, continuing education and meaningful enforcement mechanisms. There needs to be some ethics tied to this licensing. If the rules are broken or somebody doesn't properly play by them, there should be consequential penalties and fines."

McDorman noted that Insurance Code Chapter 84 already authorizes TDI to impose administrative penalties of up to $25,000 per violation, per day, and encouraged the Department to use that authority to help preserve the integrity of the appraisal process.

The drive for uncompromised consumer protection is also backed by an extraordinary surge of public engagement. Following the posting of the proposed rules, Auto Claim Specialists launched a public advocacy campaign via TDIadvocates.com, collecting 1,072 petition signatures from individual Texas policyholders who oppose carrier-controlled vendor umpire mechanisms.

"These aren't lobbyists or trade associations; these are Texas policyholders who have been through the auto appraisal process, know what a compromised umpire selection looks like from the receiving end, and took the time to tell regulators directly what consumers need," McDorman noted. "TDI should view these comments as material evidence of what the rule needs to accomplish."

This milestone reflects an effort that began nearly ten years ago when State Farm removed the Appraisal Clause from certain Texas auto policies for repair procedure disputes. Over the past decade, McDorman has testified before legislative committees, met with regulators, conducted extensive claims research and authored monthly “Ask the Expert” editorials in Texas Automotive magazine explaining Right to Appraisal issues to collision repair professionals, lawmakers and consumers. Working in collaboration with organizations and individuals – including the Auto Body Association of Texas, Texas Watch, lobbyist Andrew "Drew" Graham of Graham Public Affairs and Longleaf Consulting lobbyists Jacob Smith and Jesus Moreno – as well as legislators from both political parties and numerous industry professionals, Auto Claim Specialists helped build the foundation that ultimately resulted in the unanimous passage of SB 458.

With public testimony now complete, TDI enters its final rulemaking phase prior to the September 1 compliance date.

McDorman remains optimistic about the results. "Throughout this rulemaking, TDI has demonstrated a true willingness to evaluate empirical data, ask thoughtful questions and carefully consider input from every perspective. That’s exactly what Texans should expect from the regulatory process. Stakeholders and legislators across the country are watching what TDI does here, and Texas has an opportunity to establish a model that other states may look to as they evaluate similar consumer protections. If adopted as recommended, these rules will provide Texas policyholders with the uncompromised dispute-resolution protections they deserve."

To learn more about Mandatory Right to Appraisal or review Auto Claim Specialists' submitted comments, visit autoclaimspecialists.com/texas-mandatory-appraisal-rules.

Robert McDorman
Auto Claim Specialists
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