Texas Mandatory Right to Appraisal Is Only as Strong as the Rules That Govern It, Says Consumer Advocate

Right to Appraisal law offers major consumer protections, but rules determine whether it delivers the indemnification legislators intended and insureds deserve.

FORT WORTH, TX, UNITED STATES, August 13, 2026 /EINPresswire.com/ -- Texas has taken a historic step toward protecting insurance consumers by making the Right to Appraisal mandatory in personal auto insurance policies. But according to Robert McDorman, consumer advocate and founder of Auto Claim Specialists, the legislation itself is only part of the equation.

> The Mandatory Right to Appraisal was important, but the rules are equally – or possibly more – important for the law to work as intended."
>
> *Robert McDorman (Auto Claim Specialists)*

"The Mandatory Right to Appraisal was important, but the rules are equally – or possibly more – important for the law to work as intended," McDorman stresses.

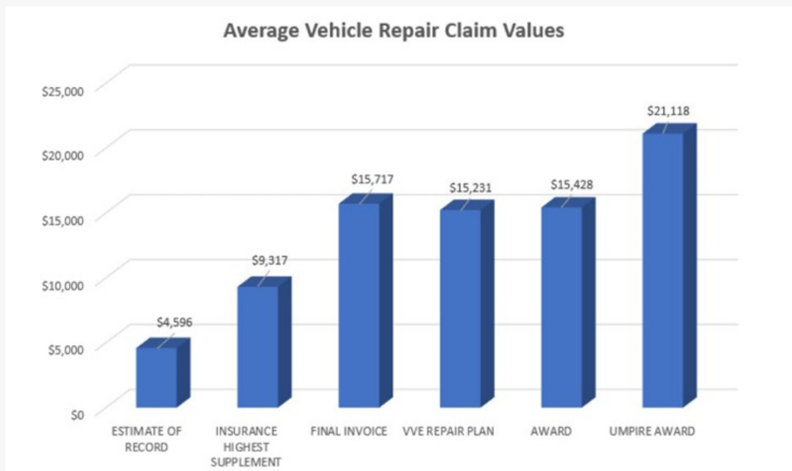
The Texas Department of Insurance (TDI) is preparing to post the rules governing the implementation of the mandatory appraisal requirement. Those rules will play a critical role in determining how effectively Texas policyholders can exercise the right established by the Legislature and ultimately how much of their actual loss they are able to recover. TDI has proposed delaying the date that insurers must begin complying with the new rule requirements to September 1, 2026, to provide insurers with additional time to implement the new rule requirements.

The potential financial impact is significant. According to TDI's December 2024 Appraisal Experience Data Call Report, there were 446 completed personal auto appraisals in Texas in 2023 by the top 10 private passenger auto groups. Those appraisals resulted in awards averaging $5,252 above insurers' initial offers, with 98% of completed appraisals resulting in an award above the insurer's original offer. Despite that success rate, appraisal represented an extremely small percentage of all Texas auto claims. The [financial-impact analysis]() prepared by Auto Claim Specialists suggests that a lack of consumer awareness, along with policy provisions that either omitted appraisal rights or required agreement between the insurer and insured before appraisal could occur, contributed to the limited use of the process.

Auto Claim Specialists
Average Negotiated Increase In Actual Cash Value

Age	% of Claims	Average $ Increase	Average % Increase	Maximum $ Increase
ALL	100.0%	$4,044	26.0%	$43,462
0-2	23.5%	$4,550	16.1%	$33,093
3-5	32.1%	$4,007	18.5%	$27,039
6-8	21.4%	$3,780	27.1%	$43,462
9-11	11.0%	$3,618	34.0%	$18,984
12-14	5.9%	$3,511	46.4%	$9,262
>14	6.0%	$4,502	67.4%	$14,717

Auto Claim Specialists reports an average negotiated increase of $4,044 when Right to Appraisal is invoked on total loss claims.



Auto Claim Specialists demonstrates value increases for repairable claims.

The new mandatory appraisal requirement is expected to change that – but only if Texas' rules ensure consumers are properly informed of their rights and have a fair, independent process through which to exercise them. Using TDI's appraisal data as a baseline, Auto Claim Specialists calculated that the 446 completed appraisals in 2023 represented approximately $2.34 million in reduced under-indemnification for Texas auto policyholders. The potential impact of a broader, properly-functioning appraisal system is dramatically larger.

Texas currently has approximately 7.4 million privately registered automobiles. Applying an 8.1% annual claim frequency and a 23.1% total loss frequency produces an estimated 138,522 total loss claims and 461,142 repair claims annually. Based on Auto Claim Specialists' experience assisting on thousands of appraisal claims – with average increases of $4,044 on total loss claims and $6,111 on repair claims – if just 10% of Texas auto claimants exercised their Right to Appraisal, the potential reduction in under-indemnification could reach approximately:

- $56 million in total-loss claims,
- $281.8 million in repair claims, and
- $337.8 million overall.

That could translate to more than $335 million in additional indemnification to Texas insureds, compared to the $2.34 million reduction achieved through the 446 completed appraisals in 2023.

“The impact could be enormous because, in our experience, at least 80% of auto claims are being significantly under-indemnified,” McDorman notes. “Every dollar below the actual loss is a dollar of under-indemnification. The purpose of insurance is to indemnify the insured for their covered loss. If the appraisal process is going to be the mechanism Texas has established to resolve disputes over the amount of that loss, then the rules need to ensure that the process is fair, accessible and independent. That is why getting them right matters so much.”

He is particularly concerned about provisions that could affect how umpires are selected when an insured and insurer cannot agree. One proposal considered during the rulemaking process would allow a carrier to embed a vendor-based umpire selection mechanism in its policy when the policy is issued – before any claim or dispute exists.

According to McDorman, allowing the umpire-selection process to be determined before a loss occurs could undermine one of the fundamental protections of appraisal: the use of an independent third party to resolve a dispute between the insured and insurer. “The insured should retain the express authority to make the election of an umpire at the time of submitting a claim, rather than when purchasing their policy,” he insists. “If an umpire is needed, the insured must also retain the right to seek judicial appointment. Otherwise, we risk creating a mandatory appraisal process that does not provide the independent protection the Legislature intended.”

The stakes extend beyond individual claims. Auto Claim Specialists’ experience indicates that under-indemnification is widespread, meaning even a relatively small percentage of insureds utilizing appraisal could produce a substantial financial impact for Texas consumers. The new law provides Texas policyholders with a mandatory contractual Right to Appraisal; the rules will determine how that right functions in practice.

“The law gives Texas insureds an important new right, but that right is only meaningful if an insured can actually exercise it in a fair and independent process,” McDorman reiterates. “The rules need to protect the insured’s ability to invoke appraisal, help them understand that right and provide for participate in the selection of an independent umpire when one is needed. If the rules allow the process to be controlled or influenced by the insurance carrier before a claim even exists, then we risk undermining the very consumer protection the law was intended to provide.

“Texas has an opportunity to get this right – to establish a process that genuinely protects insureds and ensures they receive the indemnification to which they are entitled,” he adds. “The rules are what will determine whether the Mandatory Right to Appraisal truly works as intended.”

Auto Claim Specialists encourages Texas policyholders and other interested stakeholders who support a fair and independent appraisal process to remain engaged with TDI as the rules are finalized and posted. McDorman remains optimistic that the finalized rules will include steep penalties for those who refuse to adhere to them, emphasizing, "Rules without accountability for offenders are just suggestions."

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Auto Claim Specialists is a national public insurance adjuster agency dedicated to ensuring consumers receive a fair settlement on their auto claims. Founded in 2017 by consumer advocate Robert McDorman ("Ask the Expert"), Auto Claim Specialists seeks to hold insurers accountable for fully indemnifying their policyholders for damages suffered by establishing the true value of losses. More information can be found online at autoclaimspecialists.com or by calling 817-756-5482.

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