SUPREME COURT OF TEXAS

In re ACE American Insurance Company; Endurance American Specialty Insurance Company; GuideOne National Insurance Company; Certain Underwriters at Lloyd's, London and Company Market, Subscribing to Policy No. PTNAM2206330; StarStone Specialty Insurance Company; Starr Specialty Lines Insurance Agency, LLC; and Shelf OPCO Bermuda Ltd. for and on behalf of Fidelis Insurance Bermuda Ltd.

In re ACE American · No. 25-0461 · Decided May 8, 2026

SUMMARY

The Supreme Court of Texas conditionally granted the insurers' petition for writ of mandamus and directed the trial court to compel appraisal under the parties' property-insurance policy. The Court held that disputes involving the amount of loss may proceed to appraisal even when related coverage, causation, or allocation issues remain for judicial resolution. The Court also held that alleged bad-faith claims handling and prior material breach do not, at this stage, create an exception to enforcement of the appraisal clause.

CASE DETAILS

COURT	Supreme Court of Texas
WRITING FOR THE COURT	Justice Debra H. Lehrmann
JURISDICTION	Supreme Court of Texas
DECIDED	May 8, 2026
DOCKET	25-0461
DISPOSITION	writ_granted
PROCEDURAL POSTURE	Insurers petitioned for a writ of mandamus after the trial court denied their motion to compel appraisal under commercial-property insurance policies and the court of appeals denied mandamus relief.
STANDARD OF REVIEW	Mandamus relief is appropriate to correct a clear abuse of discretion when the relator lacks an adequate remedy by appeal. A trial court clearly abuses its discretion by denying enforcement of an applicable

	appraisal clause when the dispute is at least partly about the amount of loss and no recognized exception to enforcement applies.
PRECEDENTIAL VALUE	Published Texas Supreme Court opinion; precedential
PARTIES	ACE American Insurance Company, Endurance American Specialty Insurance Company, GuideOne National Insurance Company, Certain Underwriters at Lloyd's, London and Company Market, Subscribing to Policy No. PTNAM2206330, StarStone Specialty Insurance Company, Starr Specialty Lines Insurance Agency, LLC, Shelf OPCO Bermuda Ltd. for and on behalf of Fidelis Insurance Bermuda Ltd. v. Teachers Insurance and Annuity Association of America, Nuveen Alternatives Advisors, LLC, USCIF Pinnacle Building B LLC

TOPICS

insurance coverage | appellate procedure | standard of review | contracts | breach of contract

PRACTICE AREAS

insurance law | civil procedure | mandamus | contract law

QUESTIONS PRESENTED

1. Whether the parties' dispute was at least partly about the amount of loss and therefore within the scope of the policy's appraisal provision despite the insured's assertion that the dispute involved coverage, causation, and the existence of damage.
2. Whether a genuine disagreement about the amount of loss existed even though the insurers' valuation of the claim allegedly changed over time.
3. Whether the insured's allegations that the insurers breached the policy or acted in bad faith excused compliance with the appraisal provision.
4. Whether the trial court clearly abused its discretion by denying the insurers' motion to compel appraisal and whether mandamus was warranted.

HOLDINGS

1. The dispute was at least partly about the amount of loss because the parties disagreed about the cost and extent of mold remediation, necessary repairs, replacement methods and materials, and building-code-related expenses. Potential coverage or causation disputes did not defeat the contractual right to appraisal in the first instance.
2. A genuine disagreement existed because the insurers consistently maintained that they had paid all amounts owed while the insured maintained that additional funds were owed. The appraisal provision did not require the insurers to maintain an unchanging or specially formal valuation.

3. Alleged bad faith, untimely adjustment, nonpayment, or unfounded coverage defenses did not create an exception to enforcement of the appraisal clause and did not excuse the insured from participating in appraisal.
4. The trial court clearly abused its discretion by denying the insurers' motion to compel appraisal, and the insurers lacked an adequate remedy by appeal. The Supreme Court conditionally granted the petition for writ of mandamus.

KEY QUOTATIONS

> *"Any appraisal necessarily includes some causation element, because setting the 'amount of loss' requires appraisers to decide between damages for which coverage is claimed from damages caused by everything else."* (at 6)

> *"Insured "cannot avoid appraisal at this point merely because there might be a causation question that exceeds the scope of appraisal.""* (at 9)

> *"Accordingly, we hold that an insurer's alleged bad faith in handling a claim does not constitute an exception to the general enforceability of an appraisal clause."* (at 11)

FACTUAL BACKGROUND

A water line supplying a commercial warehouse's fire-suppression system ruptured below the concrete slab, causing substantial property damage. The insurers paid certain amounts, including approximately $1.2 million for mold remediation, but the parties disagreed over the scope and cost of repairs, the amount of mold-related loss, and costs associated with building-code compliance. The insurance policies required appraisal when the parties disagreed about the amount of loss, but the insured refused the insurers' appraisal demands and alleged coverage, claims-handling, and bad-faith violations.

PROCEDURAL HISTORY

After a water-main rupture damaged an insured warehouse, the insurers invoked the policy's appraisal provision based on a dispute concerning the scope and cost of repairs. The insured refused appraisal and asserted breach-of-contract, Insurance Code, bad-faith, and declaratory-judgment claims. The trial court denied the insurers' motion to compel appraisal, and the court of appeals denied mandamus relief. The Supreme Court of Texas conditionally granted mandamus and directed the trial court to compel appraisal.

DISPOSITION

writ_granted

REMAND INSTRUCTIONS

The trial court must grant the insurers' motion to compel appraisal. The writ will issue only if the trial court does not comply.

CASES CITED

- In re Universal Underwriters of Tex. Ins. Co., 345 S.W.3d 404 (Tex. 2011)
- State Farm Lloyds v. Johnson, 290 S.W.3d 886 (Tex. 2009)
- Gulf Ins. Co. v. Pappas, 73 S.W.2d 145 (Tex. App.—San Antonio 1934, writ ref'd)
- Mustang Pipeline Co. v. Driver Pipeline Co., 134 S.W.3d 195 (Tex. 2004)
- In re Acceptance Indem. Ins. Co., 562 S.W.3d 645 (Tex. App.—San Antonio 2018, orig. proceeding)
- Michels v. Safeco Ins. Co. of Ind., 544 F. App'x 535 (5th Cir. 2013)
- Int'l Energy Ventures Mgmt., L.L.C. v. United Energy Grp., Ltd., 818 F.3d 193 (5th Cir. 2016)
- Lundstrom v. United Servs. Auto. Ass'n–CIC, 192 S.W.3d 78 (Tex. App.—Houston [14th Dist.] 2006, pet. denied)
- Sanchez v. Prop. & Cas. Ins. Co. of Hartford, No. CIV. A. H-09-1736, 2010 WL 413687, at *8 n.10 (S.D. Tex. Jan. 27, 2010)