

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 16, 2013

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1407** by Smithee (Relating to third-party property damage claims under private passenger automobile insurance policies.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to third-party property damage claims under private passenger automobile insurance policies. The bill would require the insurance commissioner to adopt standards to ensure prompt and equitable settlement of a third-party property damage claim in circumstances where the insured's liability for the property damage is reasonably clear and the amount of the claim is within the policy limits. The bill would also establish binding arbitration procedures for disputes, and requires private passenger automobile insurance policies that include liability coverage to contain a provision that requires participation in binding arbitration. The bill would apply to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2014.

Based on information provided by the Texas Department of Insurance, it is assumed that any costs associated with the implementation of this bill would be absorbed within existing staff and resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, AG, ER, LXH