

By: Davis of Dallas

H.B. No. 4223

A BILL TO BE ENTITLED

AN ACT

relating to the resolution of certain contract disputes through a contractual appraisal process.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 154, Civil Practice and Remedies Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. RESOLUTION OF DISPUTES BY CONTRACTUAL APPRAISAL
PROCESS

Sec. 154.101. TIME FOR INVOKING APPRAISAL. A party that receives written notice of a dispute that may be subject to a contractual appraisal process meant to determine the amount of a loss covered by the contract may not invoke that appraisal process after the 60th day after the date the party receives the notice.

Sec. 154.102. PURPOSE OF APPRAISAL; OTHER DUTIES NOT AFFECTED. (a) A party that may be liable under a contract for a loss the amount of which may be determined through a contractual appraisal process is required to promptly investigate and pay any obligation under the contract, notwithstanding the existence of the appraisal provision in the contract.

(b) A contractual appraisal process does not serve any purpose other than the resolution of a dispute regarding the amount of a covered loss that must be paid under the contract. The appraisal process does not absolve a party from a statutory or common law obligation to timely investigate and pay a contractual

1 obligation in good faith or exempt a party from the prompt payment
2 of penalties or attorney's fees ordinarily recoverable when a party
3 fails to adequately and timely pay a covered loss.

4 Sec. 154.103. AMOUNT RECOVERABLE. A party that prevails in
5 a contractual appraisal process is entitled to establish the amount
6 that must be paid under the contract for the covered loss, which may
7 include reasonable attorney's fees and the cost of investigators or
8 appraisers.

9 Sec. 154.104. CONFLICT WITH OTHER LAW. This subchapter
10 controls over any other law to the extent of a conflict.

11 SECTION 2. The change in law made by this Act applies only
12 to a contract entered into or renewed on or after the effective date
13 of this Act.

14 SECTION 3. This Act takes effect September 1, 2019.