

BILL ANALYSIS

H.B. 4142
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Judiciary & Civil Jurisprudence
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, a lienholder has a lien on proceeds for a claim when a loss is attributable to the negligence of a person other than the debtor. However, some insurance companies may exclude lienholders on settlement checks on smaller claims when the costs of litigation exceed the recoverable amount, often because it is not in the interest of the injured party to file suit. For example, if a loss is only \$2,000, filing a claim is not financially feasible as attorney fees and court costs would exceed the amount of the claim. This may result in insurance companies ignoring their obligations and lienholders suffering losses, which causes higher costs of borrowing for everyone. H.B. 4142 seeks to address this issue by entitling the prevailing party in an action to enforce a motor vehicle mortgagee's lien to recover reasonable attorney's fees. This change would incentivize insurers to meet their obligations under current law, and insurers who do not meet their obligations would make the injured party whole for the harm they caused.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 4142 amends the Property Code to entitle the prevailing party in an action to enforce a motor vehicle mortgagee's lien to recover reasonable attorney's fees. The bill applies only to an action commenced on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2023.