By:  Clardy, et al. (Senate Sponsor - Schwertner) H.B. No. 1437

(In the Senate - Received from the House May 10, 2023; May 17, 2023, read first time and referred to Committee on Business & Commerce; May 22, 2023, reported adversely, with favorable Committee Substitute by the following vote: Yeas 10, Nays 0; May 22, 2023, sent to printer.)

COMMITTEE VOTE

                    Yea Nay Absent  PNV

Schwertner           X

King                 X

Birdwell                       X

Campbell             X

Creighton            X

Johnson              X

Kolkhorst            X

Menéndez             X

Middleton            X

Nichols              X

Zaffirini            X

COMMITTEE SUBSTITUTE FOR H.B. No. 1437 By:  Schwertner

A BILL TO BE ENTITLED

AN ACT

relating to an appraisal process for disputed losses under personal automobile or residential property insurance policies.

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

SECTION 1.  Subtitle A, Title 10, Insurance Code, is amended by adding Chapter 1813 to read as follows:

CHAPTER 1813. APPRAISAL OF DISPUTED LOSSES

Sec. 1813.001.  APPLICABILITY OF CHAPTER. (a) This chapter applies only to a personal automobile or residential property insurance policy delivered, issued for delivery, or renewed in this state by an insurer, including:

(1)  a capital stock insurance company;

(2)  a mutual insurance company;

(3)  a county mutual insurance company;

(4)  a Lloyd's plan;

(5)  a reciprocal or interinsurance exchange;

(6)  a farm mutual insurance company;

(7)  an eligible surplus lines insurer if this state is the insured's home state as defined by Section 981.002; and

(8)  the FAIR Plan Association.

(b)  This chapter does not apply to:

(1)  an insurance policy delivered, issued for delivery, or renewed by the Texas Windstorm Insurance Association; or

(2)  a commercial insurance policy.

Sec. 1813.002.  RULES. The commissioner may adopt rules necessary to implement this chapter.

Sec. 1813.003.  REQUIRED POLICY PROVISION: APPRAISAL PROCESS. (a) An insurance policy described by Section 1813.001(a) must contain an appraisal provision that complies with this chapter.

(b)  The appraisal provision required by this chapter is intended to provide a type of dispute resolution process solely to determine the amount of loss when that amount is in dispute between the policyholder and the insurer.

Sec. 1813.004.  EFFECT OF APPRAISAL. (a) An appraisal under the provision required by this chapter does not affect any applicable policy terms.

(b)  Except for fraud or material mistake relevant to the appraisal, the amount of loss determined by an appraisal under this chapter is binding as to the policyholder and the insurer.

SECTION 2.  Chapter 1813, Insurance Code, as added by this Act, applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2024.

SECTION 3.  This Act takes effect September 1, 2023.

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