

## **BILL ANALYSIS**

C.S.H.B. 722  
By: Bucy  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill author has informed the committee that automobile insurance companies in Texas are not legally required to disclose how they determine a total loss evaluation, creating a lack of transparency in the valuation process. This absence of clear communication exposes customers to the risk of exploitation and having their vehicle undervalued, particularly after an accident or extreme weather. The bill author has also informed the committee that if a policyholder disagrees with a valuation made by an adjuster sent by an insurance company, their only recourse is to hire an independent third-party appraiser, the cost of which generally ranges from \$250 to \$500, which can be a financial barrier for policyholders seeking to verify the accuracy of the insurance adjuster's assessment. C.S.H.B. 722 seeks to address this issue by requiring automobile insurance providers to disclose, on request, the materials used to determine repair costs and the salvage value of a vehicle during a total loss evaluation.

### **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**

C.S.H.B. 722 amends the Insurance Code to require an insurer writing automobile insurance in Texas or providing an automobile insurance policy covering persons located in Texas, on request of a person whose vehicle is being appraised by the insurer for a total loss evaluation, to provide to the person a written explanation of any materials used to determine the amount of loss, including the cost of observed or predicted repairs and the salvage value of the automobile. The bill specifies that the types of insurers to which this requirement applies include an insurance company, corporation, reciprocal or interinsurance exchange, mutual insurance company, capital stock company, association, county mutual insurance company, Lloyd's plan, risk pool, and any other insurer. The bill applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2026.

### **EFFECTIVE DATE**

September 1, 2025.

## **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 722 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The introduced required an insurer writing automobile insurance in Texas, on request of a person whose vehicle is being appraised by the insurer for the amount of loss, to provide to the person a written explanation of any procedures, formulas, calculations, or other methods used by its appraisers to determine the amount of loss, including the cost of observed or predicted repairs and the salvage value of the automobile. The substitute revises that requirement in the following ways:

- extends application of the requirement to an insurer providing an automobile insurance policy covering persons located in Texas;
- changes the type of explanation that must be provided to a written explanation of any materials used to determine the amount of loss, including that repair cost and salvage value; and
- makes the requirement applicable only with respect to a person whose vehicle is being appraised for a total loss evaluation.

The substitute includes a risk pool as a type of insurer to which the requirement applies, whereas the introduced did not.