

BILL ANALYSIS

Senate Research Center
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S.B. 458
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The appraisal process serves as a method of dispute resolution to determine the amount of loss when there is a disagreement between the policyholder and the insurer.

Appraisals in residential and personal auto policies have long been the status quo. However, some companies in Texas have attempted to remove this clause and in 2015, one of the largest personal auto insurance carriers successfully filed and removed the appraisal process from policies for partial vehicle loss. Without clear statutory requirements, state regulators do not have the authority to mandate access to appraisal in personal insurance policies filed with the Texas Department of Insurance (TDI).

S.B. 458 preserves the right to an appraisal provision in certain insurance policies, requiring insurers to include it in personal home and auto policies.

As proposed, S.B. 458 amends current law relating to an appraisal process for disputed losses under personal automobile or residential property insurance policies.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 1813.002, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle A, Title 10, Insurance Code, by adding Chapter 1813, as follows:

CHAPTER 1813. APPRAISAL OF DISPUTED LOSSES

Sec. 1813.001. **APPLICABILITY OF CHAPTER.** (a) Provides that 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 certain companies, plans, and exchanges.

(b) Provides that this chapter does not apply to an insurance policy delivered, issued for delivery, or renewed by the Texas Windstorm Insurance Association or a commercial insurance policy.

Sec. 1813.002. **RULES.** Requires the commissioner of insurance (commissioner) to adopt rules necessary to implement this chapter, including rules establishing the period in which an appraisal under a provision required by this chapter is required to be completed. Requires the commissioner, in adopting the rules establishing that period, to allow flexibility for an adequate investigation of the claim that is the subject of the appraisal and consider the time necessary to preserve the independence of the appraisers.

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

(b) Provides that 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) Provides that an appraisal under the provision required by this chapter does not affect any applicable policy terms.

(b) Provides that, 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. Makes application of Chapter 1813, Insurance Code, as added by this Act, prospective to January 1, 2026.

SECTION 3. Effective date: September 1, 2025.