

BILL ANALYSIS

H.B. 2534
By: Clardy
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Loss statements or estimates that are too small may result in a vehicle that is unsafely repaired. When a dispute arises over the proper repair plan or loss settlement, a policy with limited or restricted appraisal rights can leave the policy holder with an unsafe vehicle and expensive losses. H.B. 2534 seeks to address this issue by giving Texan insureds the right to challenge an insurance company if the insured and insurer do not agree on the amount of the loss.

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. 2534 amends the Insurance Code to require a personal automobile insurance policy to contain an appraisal procedure that complies with the bill's provisions. The bill authorizes an insurer or the named insured to demand an appraisal not later than the 90th day after the date a proof of loss is filed with the insurer if the insurer and insured do not agree on the amount of the loss. The bill, with respect to the appraisal, provides the following:

- each party must appoint a competent appraiser and notify the other party of that appraiser's identity not later than the 15th day after the date an appraisal is demanded;
- the appraisers appointed by the parties must determine the amount of loss;
- the appraisers must select a qualified umpire and the appraisers and umpire must determine the amount of loss if the appraisers fail to agree;
- the determination of the amount of loss agreed to by both appraisers or by one appraiser and the umpire is binding on both parties; and
- the insurer or the named insured may request that a court in the county in which the named insured resides select the umpire if the two appraisers are unable to agree on an umpire on or before the 15th day after the date the appraisers determine an umpire is needed.

H.B. 2534 establishes that each party is responsible for the party's appraiser's fees and expenses and provides conditions under which each party is responsible for refunding certain fees and expenses related to the other party's appraiser. The bill establishes that all other appraisal expenses, including umpire expenses, are shared evenly between the parties.

H.B. 2534 establishes that an insurer and a named insured do not waive any rights under the policy that is the subject of the appraisal by demanding an appraisal. The bill applies to an

insurer writing automobile insurance in Texas. The bill applies to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2022.

EFFECTIVE DATE

September 1, 2021.