

BILL ANALYSIS

Senate Research Center

H.B. 2503
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Economic Development
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Engrossed

DIGEST

Currently, a public adjuster may be defined as a person who represents a named insured in an insurance policy that covers damage to property, and directly or indirectly solicits the right to provide advice regarding a first-party claim for damage to property or solicits the right to prepare or negotiate such a claim. There are no existing penalties for solicitations made, immediately following the incidence of a fire, to provide services as a public adjuster in relation to insured fire losses. There are concerns that these kinds of solicitations have a corrupting effect on the claim-filing process and increase the opportunities for insurance fraud. HB 2503 would address this problem by making such an action a Class C misdemeanor.

PURPOSE

As proposed, H.B. 2503 prohibits a person from soliciting, either during a fire or within two days after a fire is extinguished, the right to provide services as a public adjuster in relation to fire damages that may be subject to a first-party claim under an insurance policy.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21A, Insurance Code, by adding Article 21.07-5, as follows:

Art. 21.07-5. PUBLIC ADJUSTERS; PROHIBITED CONDUCT

Sec. 1. DEFINITIONS. Defines "public adjuster."

Sec. 2. PROHIBITED CONDUCT RELATING TO FIRE LOSS. Prohibits a person, in person, in writing, through an agent, or by telephone, from offering to provide services as a public adjuster to another person in relation to damages from a fire that may be subject to a first-party claim under an insurance policy during the fire and before the second day after the date on which the fire is extinguished.

Sec. 3. PENALTY. Provides that a person commits a Class C misdemeanor if the person violates Section 2 of this article.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.