

## **BILL ANALYSIS**

Senate Research Center  
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S.B. 1060  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Everyday, dozens of lawsuits are filed against property insurance companies across Texas alleging underpayment of hail damage claims. Thousands of these lawsuits are presently pending in a courts across the state—predominately in Hidalgo, Dallas, Fort Worth, and Potter counties—all locations where significant hail storms have occurred over the past few years.

Typically these lawsuits originate with a public adjuster knocking on a property owner's door with promises of a "free roof" because of hail damage. As long as the roof is old, it likely exhibits characteristics that can be alleged to have resulted from hail impact. These public adjusters work to demonstrate to the insurance company that there exists damage resulting from hail impact in an attempt to reasonably resolve the claim.

Other public adjusters, however, simply act as conduits for lawyers. These public adjusters have no intention of adjusting the claim, but instead simply immediately refer their property owner clients to a lawyer. In fact, some public adjusters ask the homeowner to sign a lawyer contract simultaneously with execution of the public adjuster contract. That contract provides the lawyer with a 30 to 40 percent contingency fee payable out of any insurance proceeds obtained.

There is an emerging industry in Texas of public adjusters taking advantage of insurance claims for significant personal financial gain, specifically in hail storm situations, that needs to be stopped. This practice affects homeowners' insurance premiums and coverage, and causes insurance costs to significantly soar for all Texans.

S.B. 1060 prohibits public adjusters from soliciting contracts and selling to attorneys. A public adjuster may not directly or indirectly solicit employment for an attorney in connection with a claim for loss or damage that the license holder negotiates, investigates, or adjusts on behalf of an insured.

In addition, under S.B. 1060 a public adjuster may not accept any form of payment or compensation, other than an amount owed under a contract with the insured, for a claim for loss or damage that the license holder negotiates, investigates, or adjusts on behalf of an insured.

As proposed, S.B. 1060 amends current law relating to the solicitation of employment for or a referral to an attorney made by a public adjuster.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter D, Chapter 4102, Insurance Code, by adding Section 4102.164, as follows:

Sec. 4102.164. SOLICITATION FOR OR REFERRAL TO ATTORNEY. (a) Prohibits a license holder from directly or indirectly soliciting employment for an attorney in

connection with a claim for loss or damage that the license holder negotiates, investigates, or adjusts on behalf of an insured.

(b) Prohibits a license holder, in exchange for referring a claim for loss or damage under an insurance policy covering real or personal property, or an insured or other person in connection with the claim, to an attorney, from:

(1) receiving a fee or other compensation from the attorney; or

(2) splitting a fee or other compensation with the attorney.

SECTION 2. Makes application of this Act prospective in regard to a solicitation or referral.

SECTION 3. Effective date: September 1, 2015.