

## **BILL ANALYSIS**

Senate Research Center

S.B. 458  
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Business & Commerce  
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Enrolled

### **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.

(Original Author's/Sponsor's Statement of Intent)

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.** (a) Requires the commissioner of insurance (commissioner) to adopt rules necessary to implement this chapter, including:

(1) rules establishing the period in which an appraisal under a provision required by this chapter is required to be completed; and

(2) rules mandating an appraisal for total loss and damage of the property that is the subject of the appraisal.

(b) Requires the commissioner, in adopting rules establishing the period described by Subsection (a)(1), to consider the qualifications and selection of appraisers and umpires for the appraisal.

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, and an appraisal award is required to be made in substantial compliance with the appraisal clause of the insurance policy.

(b) Provides that, except for fraud, accident, or material mistake relevant to the appraisal or an appraisal award made without authority, the amount of loss determined by an appraisal under this chapter is binding as to the policyholder and the insurer.

SECTION 2. (a) Makes application of Chapter 1813, Insurance Code, as added by this Act, prospective to January 1, 2026.

(b) Provides that an insurance policy form required to be filed under Chapter 2301 (Policy Forms), Insurance Code, providing for an appraisal process that is in use on January 1, 2026, and otherwise compliant with Chapter 1813, Insurance Code, as added by this Act, is not required to be filed with the Texas Department of Insurance as a consequence of this Act.

SECTION 3. Effective date: September 1, 2025.