By: Schwertner, Blanco S.B. No. 458
Hughes

A BILL TO BE ENTITLED
AN ACT

relating to an appraisal process for disputed losses under personal automobile or residential property insurance policies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle A, Title 10, Insurance Code, is amended by adding Chapter 1813 to read as follows:

CHAPTER 1813. APPRAISAL OF DISPUTED LOSSES

Sec. 1813.001. APPLICABILITY OF CHAPTER. (a) 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:

(1) a capital stock insurance company;

(2) a mutual insurance company;

(3) a county mutual insurance company;

(4) a Lloyd's plan;

(5) a reciprocal or interinsurance exchange;

(6) a farm mutual insurance company;

(7) an eligible surplus lines insurer if this state is the insured's home state as defined by Section 981.002; and

(8) the FAIR Plan Association.

(b) This chapter does not apply to:

(1) an insurance policy delivered, issued for delivery, or renewed by the Texas Windstorm Insurance Association; or

(2) a commercial insurance policy.

Sec. 1813.002. RULES. (a) The commissioner shall adopt rules necessary to implement this chapter, including:

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

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

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

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

(b) 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) An appraisal under the provision required by this chapter does not affect any applicable policy terms, and an appraisal award must be made in substantial compliance with the insurance policy.

(b) 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) Chapter 1813, Insurance Code, as added by this Act, applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2026.

(b) An insurance policy form required to be filed under Chapter 2301, Insurance Code, providing for an appraisal process that is in use on September 1, 2025, 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. This Act takes effect September 1, 2025.