

**Written Comments Submitted by Texas Watch to the  
Texas House Committee on Insurance  
September 6, 2022**

**Topic: Automobile Appraisal**

Chairman Oliverson and Members of the Committee:

I submit these comments on behalf of Texas Watch, a non-partisan, non-profit organization that has advocated for policyholders for over twenty years, in support of measures to create fairness in the appraisal of automobile property damage claims.

Years ago, insurance carriers pushed for the inclusion of appraisal clauses in automobile insurance policies. Now, some carriers are seeking to move away from appraisal, which can demonstrate how often they are undervaluing claims and by how much. Our position is if we are going to have appraisal for automobile policyholders, the process should be a two-way street -- fair for all parties, invoked within a reasonable time frame to avoid delays, and providing full indemnification for a safe repair. This policy would promote the fair valuation of claims and most importantly the safety of all motorists on our roads by truly restoring vehicles to their pre-loss condition.

Motorists faced with an insurance carrier bent on underpaying property damage claims have few practical remedies at hand. The situation for these consumers is similar in some respects to health care consumers surprised by an out-of-pocket bill -- what was expected differs from what is being delivered. The size of the monetary damages in dispute may make court infeasible for these consumers. Fair appraisal, invoked by either party and as described above, can provide a relatively low-cost way to get an answer on the amount of loss. Carriers have a duty to indemnify fully, and a neutral appraiser or umpire may be helpful in arriving at a sound valuation of the loss.

Last year, the Texas Supreme Court held in *Hinojos v. State Farm Lloyds* "payment of an appraisal award does not absolve the insurer of statutory liability when an insurer accepts a claim but pays only part of the amount it owes within the statutory deadline." This holding is important, but further action is needed by the Texas Legislature to establish bright-line rules on the proper timing of auto appraisal.

HB 2534 by Clardy, passed by this committee and this chamber last session, contains the correct policy prescription, requiring appraisal to be invoked within 90 days of proof of loss. This is important to avoid any gamesmanship or delay of appraisal. The longer the claims dispute runs, the more desperate the consumer becomes, needing their vehicle repaired so they can return to work, take their children to school, and meet their other

household obligations. Invoking automobile appraisal within 90 days of proof of loss 1) gives all parties ample time to investigate the claim and 2) avoids unreasonable delay before bringing any loss dispute before a neutral and knowledgeable appraiser.

Please consider us a resource. We stand ready to help this committee in your important work and thank you for the opportunity to submit these comments.

Respectfully submitted,  
Ware Wendell  
Executive Director  
Texas Watch  
[www.texaswatch.org](http://www.texaswatch.org)