



# HOUSE BILL 205: Veh. Property Dmg./Determining Amt. of Loss.

2019-2020 General Assembly

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<b>Committee:</b>	House Transportation. If favorable, re-refer to Insurance. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	March 26, 2019
<b>Introduced by:</b>	Rep. Torbett	<b>Prepared by:</b>	Howard Marsilio
<b>Analysis of:</b>	PCS to First Edition H205-CSBG-18		Committee Counsel

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**OVERVIEW:** *House Bill 205 would modify the alternative method of determining the amount of property damage to a motor vehicle when liability for coverage for the claim is not in dispute.*

*The Proposed Committee Substitute (PCS): modifies criteria for the disinterested appraiser process; clarifies the requirement that disinterested appraisers complete and exchange their appraisals within 15 days; removes the ability to reject an umpire report establishing damages; modifies the effective date to October 1, 2019.*

**CURRENT LAW:** Current law sets out requirements for motor vehicle liability policies. Each policy is required to include an alternative method of determining the amount of property damage when liability for coverage is not in dispute. When a claimant and insurer fail to agree on the difference in fair market value before and after an accident, and the difference in diminution values is greater than \$2,000 or 25% of the fair market retail value of the vehicle prior to the accident, whichever is less, the policy must provide that:

- If demanded by either the claimant or the insurer, each shall select a competent and disinterested appraiser within 20 days after the demand.
- The appraisers shall then appraise the loss.
- Should the appraisers fail to agree, they shall then select a competent and disinterested appraiser to serve as an umpire, or if they cannot agree, a magistrate judge may select the umpire.
- The appraisers shall then submit their differences to the umpire, and the umpire then shall prepare a report determining the amount of the loss and report to the insurer and the claimant.
- The agreement of the two appraisers or the report of the umpire, when filed with the insurer and the claimant, shall determine the amount of the damages.
- The claimant or the insurer shall have 15 days from the filing of the report to reject the report and notify the other party of such rejection. If the report is not rejected within 15 days from the filing of the report, the report shall be binding upon both the claimant and the insurer.

**BILL ANALYSIS:** The PCS amends the procedures required to be included in motor vehicle liability policies with regard to the alternative method of determining the amount of property damage to a motor vehicle when liability for coverage for the claim is not in dispute. The PCS would remove the lesser of \$2,000 or 25% diminution in value difference criteria to trigger the disinterested appraisal procedures, and modifies the diminution in value difference criteria to be greater than \$500.

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The PCS would clarify the requirements that disinterested appraisers complete and exchange appraisals within 15 days, and would provide a civil penalty for a failure to meet these requirements.

The PCS would remove the ability for a claimant or insurer to reject an umpire's report resulting from the appraisal process, and makes an umpire's report binding on both the insurer and claimant.

**EFFECTIVE DATE:** This act would become effective October 1, 2019, and would apply to policies issued, renewed, or amended on or after that date.