



This Bill Analysis reflects the contents of the bill as it was presented in committee.

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

2019-2020 General Assembly

Committee:	House Insurance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 4, 2019
Introduced by:	Rep. Torbett	Prepared by:	Bill Patterson*
Analysis of:	Second Edition		Committee Co-Counsel

OVERVIEW: House Bill 205 would modify the required method for determining the amount of vehicle damage in a claim under a motor vehicle liability policy when liability for coverage for the claim is not in dispute.

CURRENT LAW: Each motor vehicle liability policy must provide the following procedure for determining the amount of vehicle damage when liability for coverage is not in dispute, a claimant and insurer fail to agree on the difference in fair market value before and after an accident, and the difference in their respective diminished value amounts exceeds the lesser of \$2,000 or 25% of the fair market retail value of the vehicle prior to the accident:

- Upon the demand of either party, the claimant and insurer shall each 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 on one, 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: House Bill 205 would make the following changes to this procedure:

- Trigger the process when the difference between the claimant's and insurer's respective diminished value amounts is more than \$500.
- Require the disinterested appraisers to exchange their appraisals within 15 days.
- An appraiser who fails to appraise the loss or exchange an appraisal with the opposing appraiser as required would be subject to a civil penalty.
- The parties could not reject the umpire's report, which would be binding on them.

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

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** Howard Marsilio, counsel to House Transportation Committee, substantially contributed to this summary.*