

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 POLICY COMMITTEE
4 RECOMMENDATION

5 FOR

6 HOUSE BILL NO. 4488

7 By: Townley

8 POLICY COMMITTEE RECOMMENDATION

9 An Act relating to insurance; amending 36 O.S. 2021,
10 Section 1250.8, which relates to motor vehicle total
11 loss or damage claim; providing reference to
12 appraisal process; providing definitions; requiring
13 certain motor vehicle insurance policies to include
14 provision for the right to an appraisal to resolve
15 disputes; providing language for provision;
16 prohibiting both parties from demanding an appraisal
17 until ten days after insurer receives claim
18 notification; providing for codification; and
19 providing an effective date.

20 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

21 SECTION 1. AMENDATORY 36 O.S. 2021, Section 1250.8, is
22 amended to read as follows:

23 Section 1250.8. A. If an insurance policy or insurance
24 contract provides for the adjustment and settlement of first-party
motor vehicle total losses, on the basis of actual cash value or
replacement with another of like kind and quality, one of the
following methods shall apply:

1 1. An insurer may elect to offer a replacement motor vehicle
2 which is a specific comparable motor vehicle available to the
3 insured, with all applicable taxes, license fees, and other fees
4 incident to the transfer of evidence of ownership of the motor
5 vehicle paid, at no cost to the insured other than any deductible
6 provided in the policy. The offer and any rejection thereof shall
7 be documented in the claim file; or

8 2. An insurer may elect a cash settlement based upon the actual
9 cost, less any deductible provided in the policy, to purchase a
10 comparable motor vehicle, including all applicable taxes, license
11 fees and other fees incident to a transfer of evidence of ownership,
12 or a comparable motor vehicle. Such cost may be determined by:

- 13 a. the cost of a comparable motor vehicle in the local
14 market area when a comparable motor vehicle is
15 currently or recently available in the prior ninety
16 (90) days in the local market area,
17 b. one of two or more quotations obtained by an insurer
18 from two or more qualified dealers located within the
19 local market area when a comparable motor vehicle is
20 not available in the local market area, or
21 c. the cost of a comparable motor vehicle as quoted in
22 the latest edition of the National Automobile Dealers
23 Association Official Used Car Guide or monthly edition
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1 of any other nationally recognized published
2 guidebook.

3 B. If a first-party motor vehicle total loss is settled on a
4 basis which deviates from the methods described in subsection A of
5 this section, or the process outlined in Section 2 of this act, the
6 deviation shall be supported by documentation giving particulars of
7 the condition of the motor vehicle. Any deductions from such cost,
8 including, but not limited to, deduction for salvage, shall be
9 measurable, discernible, itemized and specified as to dollar amount
10 and shall be appropriate in amount. The basis for such settlement
11 shall be fully explained to a first-party claimant.

12 C. If liability for motor vehicle damages is reasonably clear,
13 insurers shall not recommend that third-party claimants make claims
14 pursuant to the third-party claimants' own policies solely to avoid
15 paying claims pursuant to such insurer's insurance policy or
16 insurance contract.

17 D. Insurers shall not require a claimant to travel unreasonably
18 either to inspect a replacement motor vehicle, obtain a repair
19 estimate or have the motor vehicle repaired at a specific repair
20 shop.

21 E. Insurers shall, upon the request of a claimant, include the
22 deductible of a first-party claimant, if any, in subrogation
23 demands. Subrogation recoveries shall be shared on a proportionate
24 basis with a first-party claimant, unless the deductible amount has

1 | been otherwise recovered. No deduction for expenses shall be made
2 | from a deductible recovery unless an outside attorney is retained to
3 | collect such recovery. The deduction shall then be made for only a
4 | pro rata share of the allocated loss adjustment expense.

5 | F. If an insurer prepares an estimate of the cost of automobile
6 | repairs, such estimate shall be in an amount for which it reasonably
7 | may be expected that the damage can be repaired satisfactorily. An
8 | insurer shall give a copy of an estimate to a claimant and may
9 | furnish to the claimant the names of one or more conveniently
10 | located repair shops, if requested by the claimant.

11 | G. If an amount claimed is reduced because of betterment or
12 | depreciation, all information for such reduction shall be contained
13 | in the claim file. Such deductions shall be itemized and specified
14 | as to dollar amount and shall be appropriate for the amount of
15 | deductions.

16 | H. An insurer or its representative shall not require a
17 | claimant to obtain motor vehicle repairs at a specific repair
18 | facility. An insurer or its representative shall not require a
19 | claimant to obtain motor vehicle glass repair or replacement at a
20 | specific motor vehicle glass repair or replacement facility. An
21 | insurer shall fully and promptly pay for the cost of the motor
22 | vehicle repair services or products, less any applicable deductible
23 | amount payable according to the terms of the policy. The claimant
24 | shall be furnished an itemized priced statement of repairs by the

1 repair facility at the time of acceptance of the repaired motor
2 vehicle. Unless a cash settlement is made, if a claimant selects a
3 motor vehicle repair or motor vehicle glass repair or replacement
4 facility, the insurer shall provide payment to the facility or
5 claimant based on a competitive price, as established by that
6 insurer through market surveys or by the insured through competitive
7 bids at the insured's option, to determine a fair and reasonable
8 market price for similar services. Reasonable deviation from this
9 market price is allowed based on the facts in each case.

10 I. An insurer shall not use as a basis for cash settlement with
11 a first-party claimant an amount which is less than the amount which
12 an insurer would pay if repairs were made, other than in total loss
13 situations, unless such amount is agreed to by the insured.

14 J. An insurer shall not force a claimant to execute a full
15 settlement release in order to settle a property damage claim
16 involving a personal injury.

17 K. All payment or satisfaction of a claim for a motor vehicle
18 which has been transferred by title to the insurer shall be paid by
19 check, draft or electronic payment, payable on demand.

20 L. In the event of payment of a total loss to a third-party
21 claimant, the insurer shall include any registered lienholder as
22 copayee to the extent of the lienholder's interest.

23 M. As used in this section, "total loss" means that the vehicle
24 repair costs plus the salvage value of the vehicle meets or exceeds

1 the actual cash value of the motor vehicle prior to the loss, as
2 provided in used automobile dealer guidebooks.

3 N. An insurer shall not offer a cash settlement as provided in
4 paragraph 2 of subsection A of this section for the purchase of a
5 comparable motor vehicle and then subsequently sell the motor
6 vehicle which has been determined to be a total loss back to the
7 claimant if the insurer has determined that the repair of the
8 vehicle would not result in the vehicle being restored to operative
9 condition as provided in Section 1111 of Title 47 of the Oklahoma
10 Statutes unless the claimant specifies in writing or via an
11 electronic signature that the claimant understands that the motor
12 vehicle shall be titled as a "junked vehicle".

13 SECTION 2. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 1250.8a of Title 36, unless
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Appraiser" means a person selected by the insurer or the
18 insured to place a value on or estimate the amount of loss under an
19 appraisal clause in an insurance contract;

20 2. "Competent" means the person has subject matter expertise,
21 relevant training, and experience to make decisions and valuations
22 relating to the amount of loss; and

23 3. "Disinterested" means the person does not have a direct
24 financial interest in the outcome of the appraisal process.

1 B. Every motor vehicle insurance policy that includes first-
2 party coverage for physical damage issued or renewed effective on or
3 after January 1, 2027, must include a provision for the right to an
4 appraisal to resolve disputes between the insurer and the insured
5 regarding the actual cash value and amount of loss on the damaged
6 automobile. The appraisal clause must include the following
7 language, or corresponding language that the insurer certifies is at
8 least as favorable to the insured:

9 "If . . . (the insurance company) . . . and . . . (the
10 policyholder) . . . are unable to agree as to the amount of loss,
11 either party may make a written demand for an appraisal, and within
12 ten (10) days, the parties shall select a competent and
13 disinterested appraiser. The designation of an appraiser shall be
14 selected from a pool of three recommendations from the insured, with
15 the insurer choosing one. Except as otherwise provided in this
16 section, the cost of the appraiser shall be paid equally by the
17 parties.

18 The appraiser shall then appraise the actual cash value and the
19 amount of loss and make findings regarding the amount of loss for
20 each element of loss. Appraisal findings are binding upon the
21 parties.

22 The appraiser must make their appraisal within thirty (30)
23 calendar days of selection. If an appraiser needs more than thirty
24 (30) days, the appraiser shall provide a reasonable basis to the

1 parties before twenty-five (25) days have passed. The appraiser
2 must document the reason or reason for the extension in their file.

3 If the amount of loss determined through the appraisal process
4 is greater than the amount of loss . . . (the insurance company) . .
5 . adjusted before the appraisal process was invoked by an amount of
6 Five Hundred Dollars (\$500.00) or more, . . . (the insurance
7 company) . . . will reimburse . . . (the policyholder) . . . for the
8 costs incurred for the appraisal process.

9 The appraisal process costs include reasonable appraiser
10 professional charges, reasonable attorney fees, and other necessary
11 actual costs."

12 C. Neither party may demand an appraisal until ten (10) days
13 after the insurer receives notification of the claim.

14 SECTION 3. This act shall become effective November 1, 2026.

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