

SUBJECT: Requiring certain insurance contract arbitrations to be conducted in Texas

COMMITTEE: Insurance — committee substitute recommended

VOTE: 7 ayes — Lucio, Oliverson, G. Bonnen, Lambert, Paul, C. Turner, Vo

0 nays

2 absent — S. Davis, Julie Johnson

WITNESSES: For — Craig Eiland; (*Registered, but did not testify*: Ware Wendell, Texas Watch)

Against — (*Registered, but did not testify*: Joe Woods, American Property Casualty Insurance Association; Joe Garcia, AmRisc, LLC; John Marlow, Chubb; Paul Martin, National Association of Mutual Insurance Companies)

On — (*Registered, but did not testify*: Norma Essary, Surplus Lines Stamping Office of Texas; Marianne Baker, Texas Department of Insurance)

BACKGROUND: Interested parties have noted that certain specialty insurance policies may require arbitration to be held outside the state.

DIGEST: CSHB 1648 would require arbitrations under surplus lines insurance contracts and arbitrations under insurance policies or contracts written by a Lloyd's plan to be conducted within Texas if the policies were related to a risk located entirely within the state. Arbitration agreements would have to be interpreted in accordance with state laws. These provisions would apply to arbitrations under insurance policies or contracts entered into in or outside of Texas.

The bill would take effect September 1, 2019, and would apply only to an insurance policy or contract issued or renewed on or after January 1, 2020.