

By: Lucio III

H.B. No. 1648

A BILL TO BE ENTITLED

AN ACT

relating to arbitration provisions in certain insurance policies and contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 981.101, Insurance Code, is amended by adding Subsection (d) to read as follows:

(d) A surplus lines insurance contract that contains an arbitration agreement must provide that:

(1) the arbitration will be:

(A) conducted in this state; and

(B) governed by the laws of this state; and

(2) the insurance contract will be interpreted in accordance with the laws of this state.

SECTION 2. Subchapter A, Chapter 2301, Insurance Code, is amended by adding Section 2301.011 to read as follows:

Sec. 2301.011. ARBITRATION PROVISIONS IN FORMS. (a) A form for use in writing insurance described by Section 2301.003 that contains an arbitration agreement must provide that:

(1) the arbitration will be:

(A) conducted in this state; and

(B) governed by the laws of this state; and

(2) the policy will be interpreted in accordance with the laws of this state.

(b) The commissioner shall disapprove or withdraw approval

1 of a form that violates this section.

2 SECTION 3. (a) Section 981.101(d), Insurance Code, as added  
3 by this Act, applies only to a surplus lines insurance contract  
4 delivered, issued for delivery, or renewed on or after January 1,  
5 2020. A surplus lines insurance contract delivered, issued for  
6 delivery, or renewed before January 1, 2020, is governed by the law  
7 as it existed immediately before the effective date of this Act, and  
8 that law is continued in effect for that purpose.

9 (b) Section 2301.011, Insurance Code, as added by this Act,  
10 applies only to an insurance policy delivered, issued for delivery,  
11 or renewed on or after January 1, 2020. A policy delivered, issued  
12 for delivery, or renewed before January 1, 2020, is governed by the  
13 law as it existed immediately before the effective date of this Act,  
14 and that law is continued in effect for that purpose.

15 SECTION 4. This Act takes effect September 1, 2019.