Opponent Testimony on HB 2351
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Chair Humphries-

Madam Chair and members of the House Judiciary Committee, thank you for the opportunity to submit written testimony in opposition to HB 2351.

In recent times, there has been a growing debate surrounding the prohibition of arbitration in insurance claims. Arbitration serves as a crucial mechanism for efficient, timely, and cost-effective resolution of disputes, offering several advantages that contribute to a balanced and equitable insurance claims process. State Farm has used the arbitration process as a means to better serve all of its policy holders.

Firstly, arbitration provides a swift resolution to disputes, avoiding the often-protracted timelines associated with traditional court proceedings. Insurance claims can be complex, involving intricate legal and technical details. Arbitration, with its streamlined procedures, enables a faster resolution, ensuring that policyholders receive compensation promptly and without unnecessary delays.

Secondly, the cost-effectiveness of arbitration cannot be overstated. Traditional litigation can result in exorbitant legal fees, creating a financial burden for both insurers and policyholders. Arbitration offers a more economical alternative, with reduced expenses and a more efficient allocation of resources. This affordability ensures that the financial impact of resolving disputes does not disproportionately affect any party involved.

Moreover, arbitration promotes flexibility in the resolution process. Parties have the autonomy to select neutral arbitrators with expertise in the specific issues at hand, fostering a more informed and specialized decision-making process. This flexibility allows for a tailored approach to dispute resolution, which is often not achievable within the rigid framework of court proceedings.

State Farm believes HB 2351 would negatively impact arbitration clauses in their insurance agreements. We believe the freedom to contract is essential. If we lose the ability to settle via arbitration this will increase the time it takes to settle claims and we lose a tool in keeping costs down.

In conclusion, making arbitration in insurance claims more cumbersome overlooks the valuable role it plays in expeditious, cost-effective, and flexible dispute resolution. Efforts should be directed toward refining and optimizing its processes, ensuring fairness and transparency for all parties involved.