

# KAPCIC

Kansas Association of Property & Casualty Insurance Companies Inc.

February 12, 2024

## **HB 2593**

### **Written Testimony Before the House Judiciary Committee**

#### **Marlee Carpenter, Kansas Association of Property and Casualty Insurance Companies (KAPCIC)**

Madam Chair and Members of the Committee;

Thank you for the opportunity to provide testimony on behalf of the Kansas Association of Property and Casualty Insurance Companies (KAPCIC), our state trade association for domestic property and casualty insurance companies. Most of the KAPCIC member companies are domiciled Kansas companies and our members live and work here in the state.

KAPCIC has concerns with HB 2593, voiding arbitration clauses in insurance agreements. KAPCIC members believe that the freedom to contract is a key right and if voided, companies lose an important tool in settling disputes and holding down costs. Arbitration provides for a speedier resolution to a dispute between a company and a policy holder. If arbitration clauses are voided in Kansas contracts, the cost of insurance will increase. There are several reasons that arbitration clauses are used in insurance contracts:

1. **Speed:** Arbitration proceedings tend to be faster than traditional court litigation. Unlike lengthy court trials, arbitrations can be streamlined, leading to quicker resolution of disputes.
2. **Cost Savings:** Arbitration can be more cost-effective than going to court. The process typically involves fewer formalities, which reduces legal expenses. Parties avoid court fees, extensive discovery, and lengthy pre-trial procedures.
3. **Customization:** Arbitral rules provide flexibility for parties and their counsel to design a process that suits each proceeding. Unlike rigid court procedures, arbitration allows customization to fit the specific dispute.

KAPCIC members believe arbitration clauses are key in settling disputes in a swift fashion with their policy holders. We encourage the committee to not act upon HB 2593. Please contact me if you have any questions or need additional information.