

Texas Businesses Line Up Against Lt. Governor's High-Priority Insurance Bill

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Major business interests are lining up against one of Lt. Gov. Dan Patrick's top priorities — a bill that would make it harder for Texans to force their insurance companies to pay up when calamity strikes. Patrick and his allies say the bill, Senate Bill 10, is needed to stop greedy trial lawyers from cashing in on hail damage lawsuits. But the word "hail" doesn't appear anywhere in the legislation, and this week businesses ranging from 7-Eleven to Ryan LLC — founded and led by Republican mega-donor Brint Ryan — conveyed their deep opposition to it in a letter sent to Patrick and other top Republican leaders. The blistering critique of the bill, which has a companion, House Bill 1774, in the House, was sent on behalf of the major corporate interests by Haynes & Boone lawyer Ernest Martin. He warns it "greatly harms businesses" by making it harder for anyone who insures property in Texas to get paid after filing a claim. Trial lawyer interests have been making the same argument about the impact on average Texans, but they don't have the kind of political stroke business groups enjoy at the Capitol. "This insurance bill does more harm to Texas business policyholders than it does to prevent litigation abuses by homeowners or their storm chasing lawyers," Martin wrote. He said the legislation would "thwart Texas businesses from recovering legitimate claims under insurance policies they purchased at great cost." Texans for Lawsuit Reform, which is pushing the bill, said consumers and businesses would still have remedies to pursue claims if the measure passes. "SB 10 puts in place common-sense reforms to stop the worst lawyer-driven lawsuit abuse that currently exists in Texas, while protecting the right of every Texas property owner — residential or commercial — to sue his or her insurance company if it fails to pay a claim on time or in full," said spokeswoman Lucy Nashed. Besides Ryan LLC and 7-Eleven, the companies named in the letter include La Quinta Inns & Suites, Sovereign Bank, pipeline company EnLink Midstream, EXCO Resources and others. The opposition mirrors the business blowback that killed a similar effort two years ago. Patrick and other supporters are pushing a new version of the legislation this session, again saying it's about hailstorm lawsuits even though the bill would enact sweeping changes for Texans with all kinds of claims against their own insurance companies. "The lawyers found another way to try to make a lot of

money,” Patrick said in a video posted on Facebook a couple of weeks ago. “We need to end these skyrocketing claims we’ve seen over the last several years dealing with hailstorms.” Patrick’s media office did not respond to a request for comment Wednesday. One key provision in the bill would make it harder to force insurers to pay claims under the state’s “prompt pay” rules designed to penalize foot-dragging by insurance companies. The Texas Trial Lawyers Association leveled that same criticism in a position paper — which screams “This is not a HAIL BILL!” — provided to legislators. “The bill seeks to reward insurance companies when they delay payments on ANY first-party claim — on all lines of insurance, including life, health, disability, property, liability, business and any other type of first party insurance,” the trial lawyers group said. Martin, the Haynes and Boone lawyer, pointed to that provision in his four-page analysis of the bill’s impact on business. “The insurance bill guts the effectiveness of the Prompt Pay statute, which is to incentivize insurance companies to err on the side of paying claims timely,” he wrote. Martin also criticized the “burdensome notice requirements” imposed on policyholders and provisions that would force many insurance claims into federal court and erect new hurdles for recovering attorney fees when lawsuits are filed. Nashed said the bill is about protecting consumers — from spiking insurance rates. “As a result of this abusive litigation, some Texas property insurance consumers have already begun to see reduced or lost coverage or higher insurance rates,” she said, “which will continue to spread if this abuse isn’t stopped soon.” Note: This article originally appeared in The Texas Tribune at

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