

**United Policyholders**

381 Bush Street, 8th Floor  
San Francisco, CA 94104  
415.393.9990  
[www.uphelp.org](http://www.uphelp.org)

Commissioner David Mattax  
Texas Department of Insurance  
333 Guadalupe  
Austin, TX 78701

May 18, 2016

Re: Request for disapproval of mandatory arbitration provisions in home insurance policies

**Board of Directors**

**Amy Bach**  
Executive Director

**E. Gerard Mannion**  
Board Chair  
Mannion and Lowe

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Mississippi State Representative

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Corporate Financial Management

**Alice J. Wolfson**  
DL Law Group

**Ex Officio**

**Hon. Stanley G. Feldman**  
Chief Justice (RET)  
AZ Supreme Court

**Deborah Senn**  
Insurance Commissioner (1993 -2001)  
Washington State

**William M. Shernoff**  
Shernoff Bidart Echeverria Bentley LLP

**Programs**

*Advocacy and Action  
Roadmap to Preparedness™  
Roadmap to Recovery™*

Dear Commissioner Mattax:

I write in my capacity as an official consumer representative to the NAIC and as the co-founder of a national non-profit called United Policyholders ("UP") that has worked with your staff during our 25 years in operation to provide recovery guidance to wildfire and flood victims in your state. I respectfully ask you and your staff to disapprove any and all current or future form filings that includes mandatory arbitration provisions through which the policyholder waives their civil right to use Texas public courts to resolve claim disputes.

We understand that a policy form has been submitted to your office for approval that offers a lower premium if the policyholder agrees to buy a policy that requires them to submit disputes to binding arbitration. We sincerely hope you will reject this form and issue a clear directive to the insurers in your state that you will not tolerate this kind of anti-consumer overreaching. If you heard Professor Kochenberger's presentation at the last NAIC meeting in Louisiana, you know how strong the evidence is that regulators should not allow mandatory arbitration provisions in home insurance policies.

No doubt Texas residents will be attracted by the promise of a lower premium and not understand the magnitude of what they're giving up. Mandatory arbitration provisions have no place in a residential insurance contract of adhesion. The stakes are far too high to allow insurers to force homeowners into private, closed-door arbitrations with inadequate safeguards, no transparency and very little arbitrator accountability. I can almost guarantee that claim handling abuses will dramatically increase if insurers are allowed to run this play.

UP is a non-profit public interest consumer advocacy organization dedicated to helping preserve the integrity of the insurance system. UP serves as a voice and an information resource for consumers in all 50 states. UP's work is supported by donations, grants, and volunteer labor. UP does not sell insurance or accept funding from insurance companies. UP engages with local and state governments, stakeholders, and other advocates to provide insurance claim and coverage guidance for victims of natural disasters. UP hosts a library of publications for consumers of all types of insurance on its website at [www.uphelp.org](http://www.uphelp.org).

Thank you in advance for your time and consideration of this very important matter. I will more than happy to discuss it with you or any member of your staff.

Sincerely,