

LEGAL UPDATES

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Procedurally Flawed: District Court Quashes Arbitration Subpoena in Reinsurance Dispute

In *Liberty Corporate Capital Limited v. Gallagher Re, Inc.*, Case No. 8:25-MC-10-MSS-TGW (M.D. Fla. April 24, 2025), Liberty sought to enforce a subpoena issued by the arbitration panel in a reinsurance dispute to Gallagher, which had “negotiated and prepared the reinsurance contract.” *Id.* at 2. The parties to the reinsurance contract “did not have any direct dealing, or communication, with each other regarding the reinsurance contract” and third-party discovery from Gallagher was thus potentially germane to the parties’ dispute that the reinsurance contract was intended to exclude “Florida-based claims.” *Id.* Gallagher moved to quash.

As a threshold matter, the court rejected Gallagher’s contention that the court lacked subject matter jurisdiction. Although Gallagher conceded diversity of citizenship, Gallagher argued that Liberty had “not established that the amount in controversy exceeds \$75,000” because Liberty was not seeking to recover any damages from Gallagher. *Id.* at 3-4. The court rejected that argument, finding “persuasive the holdings of the Circuit Courts of Appeal that the amount in controversy in the underlying arbitration is relevant to establishing diversity jurisdiction.” *Id.* at 6. The fact that “Gallagher’s testimony and information about the Reinsurance Contract is critical and could impact the outcome of an arbitration where there is more than 20 million dollars at stake” was sufficient to satisfy the amount in controversy requirement of diversity jurisdiction. *Id.*

However, the court found “meritorious” Gallagher’s contention that the subpoena “fails to satisfy the requirements of Rule 45.” *Id.* at 7. The court noted that under the Federal Arbitration Act a “district court may compel the non-party’s attendance at the arbitration in accordance with Rule 45,

F.R.Civ.P.” *Id.* at 7-8. However, the applicable subpoena “fail[ed] to specify the time and place for appearance, the method of recording, or include the text of the rule as required by Rule 45(a), F.R.Civ.P.” *Id.* at 9. In addition, although the subpoena “purport[ed] to require appearances by three individuals...Liberty did not serve any of them, as required by Rule 45(b)(1) and 4(e), F.R.Civ. P.” *Id.* According to the court, Liberty’s assertion that service of the subpoena upon Gallagher was “sufficient to compel those individuals to appear at an arbitration is unavailing.” *Id.*

Accordingly, the court denied Liberty’s motion to enforce and granted Gallagher’s motion to quash.

What this means to you

While third parties do not often challenge the enforceability of subpoenas issued by arbitration panels, careful adherence to the strictures of the FAA and applicable federal rules is necessary in order to ensure that the parties are able to obtain all necessary discovery in the event that a third party does not comply.

Contact us

If you have questions regarding the court’s decision, please contact Michael Robles, Brian O’Sullivan, Richard Swor, or your Husch Blackwell attorney.