Statement

Insurance Association of Connecticut

Judiciary Committee

March 25, 2011

HB 6608, An Act Adopting The Revised Uniform Arbitration Act

The Insurance Association of Connecticut is opposed to HB 6608, An Act Adopting the Revised Uniform Arbitration Act.

Arbitration is used to reduce docket pressure on the judiciary and to provide a forum that is less formal and less confrontational than court. HB 6608 undermines these important functions and creates an ill-defined institution. HB 6608 would cause arbitration to be as potentially formal, hostile, and expensive, as a lawsuit. What was intended to be a relatively inexpensive and rapid way to resolve disputes would become distorted and undermine arbitration's original mission.

HB 6608 would vest virtually the same powers in an arbitrator as judges have and eliminate substantial rights of the parties. Judges are carefully screened and approved by our legislative body. Arbitrators are not. HB 6608 permits a party very little recourse should damages be awarded pursuant this proposal. HB 6608 is more restrictive and severe than our civil justice system as it restricts when and why an appeal may be taken from an arbitrator's decision.

There is a strong public policy favoring contractual provisions permitting arbitration as a dispute resolution mechanism. HB 6608 undermines this public policy by providing broad powers, with virtually unlimited discretion, to the arbitrators. The powers of the arbitrators should be limited to those agreed upon by the parties and the arbitration agreement. No single party should be able to unilaterally force arbitration nor should an arbitrator be able to summarily decide a claim without the full consent of all parties. Permitting an arbitrator to impose punitive damages and attorney's fees undermines the rationale to utilize arbitration. The prospect of punitive damages would discourage the use of arbitration.

Additionally, HB 6608 seeks to include the arbitrator's fees and expenses as part of the award. Any payment of the arbitrator's fees and expenses should be made in accordance with the original arbitration/retention agreement, and not be made part of the award itself. HB 6608 curtails the parties' right to contract and dictate in contract the terms of binding arbitration.

The Insurance Association of Connecticut urges your rejection of HB 6608.