

PRESS RELEASE

In response to broad industry concerns over the efficacy of arbitration as a swift, cost-effective ADR mechanism, Trish Getty, CEO and Executive Director of the Association of Insurance and Reinsurance Run-Off Companies (“AIRROC”) has announced the formal launch of AIRROC’s Dispute Resolution Procedure (“DRP”). The DRP is an expedited binding arbitration procedure especially designed for small and less-complicated claims. It represents the culmination of a year’s work by a Small Claims Task Force, chaired by AIRROC Board Member Michael Zeller of AIG.

The DRP’s core elements include a single arbitrator, a pre-arranged discounted fee structure (\$150 hourly rate), and no discovery or live hearing testimony absent the parties’ consent. It requires the parties’ willingness to work together in a cost-effective procedure. The DRP uses telephonic organizational meetings, case submissions on briefs and documents only, and oral argument at the arbitrator’s discretion or when requested by the parties jointly. After close of the evidence, the arbitrator must issue a decision within 30 days.

To ensure the availability of competent, experienced professionals, the DRP requires arbitrators to have at least 10 years’ employment by an insurer or reinsurer, or to be ARIAS-US certified. All must agree to the discounted fee structure in advance. The parties must execute hold harmless agreements covering both the arbitrator and AIRROC. All proceedings are confidential and are intended to have no preclusive effect.

To commence the procedure, disputants may, after jointly completing necessary forms, agree on an arbitrator from the AIRROC list and self-administer the process. If they cannot so agree, the DRP randomly generates 15 names from the list, confirms the status of any conflicts and, to expedite selection, requires each party to select just more than half of the eligible candidates, ensuring at least one match. If there is more than one match, the single arbitrator is chosen by lot from the overlapping selections. This selection procedure is free of charge to AIRROC members, while non-members must pay a modest fee. If non-members agree on an arbitrator, they may self-administer the procedure at no cost.

The proposal has been enthusiastically received by the arbitrator community; and several highly qualified and experienced arbitrators have already agreed to serve pursuant to the DRP rules.

For more information on the DRP, please contact Trish Getty at TrishGetty@Bellsouth.net.