



General Assembly

January Session, 2025

***Raised Bill No. 6435***

LCO No. 2241



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING THE INSURANCE DEPARTMENT'S  
AUTOMOBILE PHYSICAL AND PROPERTY DAMAGE ARBITRATION  
PROCESS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Subsection (b) of section 38a-9 of the general statutes is  
2       repealed and the following is substituted in lieu thereof (*Effective October*  
3       *1, 2025*):

4       (b) (1) The Division of Consumer Affairs shall provide an  
5       independent arbitration procedure for the settlement of disputes  
6       between claimants and insurance companies concerning automobile  
7       physical damage and automobile property damage liability claims in  
8       which liability and coverage are not in dispute. Such procedure shall  
9       apply only to disputes involving private passenger motor vehicles as  
10      defined in subsection (e) of section 38a-363. Any company licensed to  
11      write private passenger automobile insurance, including collision,  
12      comprehensive and theft, in this state shall participate in the arbitration  
13      procedure. The commissioner shall appoint an administrator for such  
14      procedure. Only those disputes in which attempts at mediation by the

15 Division of Consumer Affairs have failed shall be accepted as arbitrable.  
16 The referral of the complaint to arbitration shall be made by the  
17 Insurance Department examiner who investigated the complaint. Each  
18 party to the dispute shall pay a filing fee of twenty dollars. The  
19 insurance company shall pay the claimant the undisputed amount of the  
20 claim upon written notification from the department that the complaint  
21 has been referred to arbitration. Such payment shall not affect any right  
22 of the claimant to pursue the disputed amount of the claim.

23 (2) The commissioner shall prepare a list of at least ten persons, who  
24 have not been employed by the department or an insurance company  
25 during the preceding twelve months, to serve as arbitrators in the  
26 settlement of such disputes. The arbitrators shall be members of any  
27 dispute resolution organization approved by the commissioner. One  
28 arbitrator shall be appointed to hear and decide each complaint.  
29 Appointment shall be based solely on the order of the list. If an arbitrator  
30 is unable to serve on a given day, or if either party objects to the  
31 arbitrator, then the next arbitrator on the list shall be selected. The  
32 department shall schedule arbitration hearings as often, and in such  
33 locations, as it deems necessary. Parties to the dispute shall be provided  
34 written notice of the hearing at least ten days prior to the hearing date.  
35 The commissioner may issue subpoenas on behalf of the arbitrator to  
36 compel the attendance of witnesses and the production of documents,  
37 papers and records relevant to the dispute. Decisions shall be made on  
38 the basis of the evidence presented at the arbitration hearing. Where the  
39 arbitrator believes that technical expertise is necessary to decide a case,  
40 such arbitrator may consult with an independent expert recommended  
41 by the commissioner. The arbitrator and any independent technical  
42 expert shall be paid by the department on a per dispute basis as  
43 established by the commissioner. The arbitrator, as expeditiously as  
44 possible but not later than fifteen days after the arbitration hearing, shall  
45 render a written decision based on the information gathered and  
46 disclose the findings and the reasons to the parties involved. The  
47 arbitrator shall award filing fees to the prevailing party. If the decision

48 favors the claimant, (A) the decision shall provide specific and  
49 appropriate remedies including interest at the rate of fifteen per cent per  
50 year on the arbitration award concerning the disputed amount of the  
51 claim, retroactive to the date of payment for the undisputed amount of  
52 the claim, and (B) the arbitrator shall require the insurance company to  
53 reimburse the department for the arbitrator's costs incurred in  
54 connection with the administration of the arbitration hearing, unless  
55 such claimant rejected such insurance company's prearbitration offer of  
56 compromise of equal or greater value than the arbitration award. The  
57 decision may include costs for loss of use and storage of the motor  
58 vehicle and shall specify a date for performance and completion of all  
59 awarded remedies. Notwithstanding any provision of the general  
60 statutes or any regulation, the Insurance Department shall not amend,  
61 reverse, rescind, or revoke any decision or action of any arbitrator. The  
62 department shall contact the claimant not later than ten business days  
63 after the date for performance, to determine whether performance has  
64 occurred. Either party may make application to the superior court for  
65 the judicial district in which one of the parties resides or, when the court  
66 is not in session, any judge thereof for an order confirming, vacating,  
67 modifying or correcting any award, in accordance with the provisions  
68 of sections 52-417, 52-418, 52-419 and 52-420. If it is determined by the  
69 court that either party's position after review has been improved by at  
70 least ten per cent over that party's position after arbitration, the court  
71 may grant to that party its costs and reasonable attorney's fees. No  
72 evidence, testimony, findings, or decision from the department  
73 arbitration procedure shall be admissible in any civil proceeding, except  
74 judicial review of the arbitrator's decision as contemplated by this  
75 subsection.

76 (3) The department shall maintain records of each dispute, including  
77 names of parties to the arbitration, the decision of the arbitrator,  
78 compliance, the appeal, if any, and the decision of the court. The  
79 department shall annually compile such statistics and send a copy to the  
80 committee of the General Assembly having cognizance of matters

81 relating to insurance. The report shall be considered a public document.

This act shall take effect as follows and shall amend the following sections:
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Section 1	<i>October 1, 2025</i>	38a-9(b)
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***Statement of Purpose:***

To require that any insurance company involved in any automobile physical or property damage arbitration hearing reimburse the cost of such hearing if the arbitration award is in the claimant's favor, unless such claimant rejected such insurance company's prearbitration offer of compromise of equal or greater value than the arbitration award.

***[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]***