



General Assembly

Substitute Bill No. 6435

January Session, 2025



***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2 repealed and the following is substituted in lieu thereof (*Effective October*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 department'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	October 1, 2025	38a-9(b)
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INS *Joint Favorable Subst.*