



Substitute House Bill No. 6435

Public Act No. 25-131

**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:

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 Subsection (b) of section 38a-9 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(b) (1) The Division of Consumer Affairs shall provide an independent arbitration procedure for the settlement of disputes between claimants and insurance companies concerning automobile physical damage and automobile property damage liability claims in which liability and coverage are not in dispute. Such procedure shall apply only to disputes involving private passenger motor vehicles as defined in subsection (e) of section 38a-363. Any company licensed to write private passenger automobile insurance, including collision, comprehensive and theft, in this state shall participate in the arbitration procedure. The commissioner shall appoint an administrator for such procedure. Only those disputes in which attempts at mediation by the Division of Consumer Affairs have failed shall be accepted as arbitrable. The referral of the complaint to arbitration shall be made by the Insurance Department examiner who investigated the complaint. Each

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party to the dispute shall pay a filing fee of twenty dollars. The insurance company shall pay the claimant the undisputed amount of the claim upon written notification from the department that the complaint has been referred to arbitration. Such payment shall not affect any right of the claimant to pursue the disputed amount of the claim.

(2) The commissioner shall prepare a list of at least ten persons, who have not been employed by the department or an insurance company during the preceding twelve months, to serve as arbitrators in the settlement of such disputes. The arbitrators shall be members of any dispute resolution organization approved by the commissioner. One arbitrator shall be appointed to hear and decide each complaint. Appointment shall be based solely on the order of the list. If an arbitrator is unable to serve on a given day, or if either party objects to the arbitrator, then the next arbitrator on the list shall be selected. The department shall schedule arbitration hearings as often, and in such locations, as it deems necessary. Parties to the dispute shall be provided written notice of the hearing at least ten days prior to the hearing date. The commissioner may issue subpoenas on behalf of the arbitrator to compel the attendance of witnesses and the production of documents, papers and records relevant to the dispute. Decisions shall be made on the basis of the evidence presented at the arbitration hearing. Where the arbitrator believes that technical expertise is necessary to decide a case, such arbitrator may consult with an independent expert recommended by the commissioner. The arbitrator and any independent technical expert shall be paid by the department on a per dispute basis as established by the commissioner. The arbitrator, as expeditiously as possible but not later than fifteen days after the arbitration hearing, shall render a written decision based on the information gathered and disclose the findings and the reasons to the parties involved. The arbitrator shall award filing fees to the prevailing party. If the decision favors the claimant, (A) the decision shall provide specific and appropriate remedies including interest at the rate of fifteen per cent per

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

(3) The department shall maintain records of each dispute, including names of parties to the arbitration, the decision of the arbitrator, compliance, the appeal, if any, and the decision of the court. The department shall annually compile such statistics and send a copy to the committee of the General Assembly having cognizance of matters relating to insurance. The report shall be considered a public document.

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Governor's Action:
Approved July 8, 2025