

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 25-131—sHB 6435**

*Insurance and Real Estate Committee*

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

**SUMMARY:** This act makes certain private passenger motor vehicle insurers, instead of the Insurance Department, responsible for the department's administrative costs associated with statutorily required arbitration hearings to resolve disputes between claimants and insurers over claim amounts (see BACKGROUND).

Specifically, under the act, if the arbitrator's decision is in the claimant's favor, the arbitrator must require the insurance company to reimburse the department for its costs to administer the arbitration hearing as long as the claimant did not reject a pre-arbitration offer of compromise from the insurance company for an amount that is at least the arbitration award's value.

By law, claimants and insurers may apply 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 in the district for an order confirming, vacating, modifying, or correcting an arbitrator's award.

**EFFECTIVE DATE:** October 1, 2025

**BACKGROUND**

*Arbitration Procedure for Motor Vehicle Damage Claims*

Under existing law, the Insurance Department's Division of Consumer Affairs must provide an independent arbitration procedure to settle disputes between claimants and private passenger motor vehicle insurers when (1) there are automobile physical damage and automobile property damage liability claims in which liability and coverage are not in dispute and (2) the division's attempts to resolve the dispute at mediation have failed. By law, all companies licensed to write private passenger automobile insurance, including collision, comprehensive, and theft, in this state must participate in the division's arbitration procedure.