

7002

2011-2012 Regular Sessions

I N   A S S E M B L Y

April 7, 2011

---

Introduced by M. of A. TITONE -- read once and referred to the Committee  
on Judiciary

AN ACT to amend the civil practice law and rules, in relation to defining "arbitration" and "neutral third party arbitrator" and providing that neither party in an arbitration agreement may waive the right to have a controversy heard by a neutral thirty party arbitrator

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. The civil practice law and rules is amended by adding a new  
2     section 7500 to read as follows:  
3     S 7500. DEFINITIONS. AS USED IN THIS ARTICLE:  
4     (A) "ARBITRATION" MEANS A FORM OF DISPUTE RESOLUTION THAT IS AN ALTER-  
5     NATIVE TO LITIGATION, IN WHICH THE PARTIES AGREE TO BE BOUND BY THE  
6     DETERMINATION OF A NEUTRAL THIRD PARTY ARBITRATOR.  
7     (B) "NEUTRAL THIRD PARTY ARBITRATOR" MEANS AN ARBITRATOR WHO HAS NOT  
8     BEEN OR IS NOT AFFILIATED IN ANY WAY WITH ANY PARTY OR ANY OF ITS  
9     SUBSIDIARIES OR AFFILIATES AND WHO DOES NOT HAVE A FINANCIAL INTEREST,  
10     DIRECTLY OR INDIRECTLY IN ANY PARTY OR IN THE OUTCOME OF THE ARBI-  
11     TRATION.  
12     S 2. Section 7501 of the civil practice law and rules, as amended by  
13     chapter 532 of the laws of 1963, is amended to read as follows:  
14     S 7501. Effect of arbitration agreement. A written agreement to  
15     submit any controversy thereafter arising or any existing controversy to  
16     arbitration is enforceable without regard to the justiciable character  
17     of the controversy and confers jurisdiction on the courts of the state  
18     to enforce it and to enter judgment on an award; PROVIDED, HOWEVER, THAT  
19     ANY LANGUAGE REQUIRING THE CONTROVERSY BE SUBMITTED TO AN ARBITRATOR  
20     THAT IS NOT A NEUTRAL THIRD PARTY ARBITRATOR, AS THAT TERM IS DEFINED BY  
21     SUBDIVISION (B) OF SECTION SEVENTY-FIVE HUNDRED OF THIS ARTICLE, SHALL  
22     BE DEEMED VOID; PROVIDED THAT IT SHALL BE VALID WITH RESPECT TO THE  
23     REQUIREMENT THAT THE CONTROVERSY BE ARBITRATED. THE REQUIREMENT THAT

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

LBD09411-03-1

1 THE CONTROVERSY BE HEARD BY A NEUTRAL THIRD PARTY ARBITRATOR MAY NOT BE  
2 WAIVED BY EITHER PARTY. In determining any matter arising under this  
3 article, the court shall not consider whether the claim with respect to  
4 which arbitration is sought is tenable, or otherwise pass upon the  
5 merits of the dispute.  
6 S 3. This act shall take effect immediately.