STATE OF NEW YORK

144

2021-2022 Regular Sessions

IN SENATE

(Prefiled)

January 6, 2021

Introduced by Sen. THOMAS -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the general obligations law, in relation to the validity of mandatory arbitration clauses on tickets issued by a common carrier

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The general obligations law is amended by adding a new section 5-338 to read as follows:

§ 5-338. Validity of certain contracts printed on tickets. 1. No covenant, agreement or understanding in or in connection with, or collateral to, any contract, ticket or similar writing, entered into between the owner or operator of a common carrier or a common carrier of passengers by motor vehicle in this state, and a passenger of such common carrier, shall contain a mandatory arbitration clause for claims or disputes alleging negligence of the owner, operator or person in charge of such common carrier, or their agents, servants or employees. Any such mandatory arbitration clause shall be deemed to be void as against public policy and wholly unenforceable; provided that any such arbitration clause shall be considered severable, and all other provisions of the contract shall remain in effect and given full force.

2. The term "mandatory arbitration clause" shall mean a term or provision which requires the parties to such contract to submit any controversy thereafter arising under such contract to arbitration prior to the commencement of any legal action to enforce the provisions of such contract and which also further provides language to the effect that the decision of the arbitrator or panel of arbitrators in its application to the consumer party shall be final and not subject to court review.

§ 2. This act shall take effect immediately.

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

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