



**ARIAS • U.S. STREAMLINED RULES
FOR SMALL CLAIM DISPUTES**

1. INTRODUCTION

- 1.1 These procedures shall be known as the ARIAS • U.S. Streamlined Rules for the Resolution of U.S. Insurance and Reinsurance Disputes (“Rules”) and shall apply only to claims for monetary relief and where the amount in dispute is \$1,000,000 or less or in any other cases where the parties agree. For purposes of calculating the amount in dispute, the affirmative claims of both Parties to the arbitration, as of the time of the Organizational Meeting, not including interest, will be considered separately and independently of one another and will not be combined together to arrive at the total amount in dispute. After the Organizational Meeting, the Umpire has the discretion to permit a party to increase its affirmative claim in excess of the \$1,000,000 limit up to a total amount of \$2 million upon a showing of good cause.

When an agreement, submission or reference provides for or otherwise refers to arbitration under the ARIAS • U.S. Streamlined Rules for the Resolution of U.S. Insurance and Reinsurance Disputes, the Parties agree that the arbitration shall be conducted in accordance with these Rules.

- 1.2 Any dispute concerning the interpretation of these Rules shall be determined by the Umpire.
- 1.3 The Umpire shall have all powers and authority not inconsistent with these Rules, the agreement of the Parties, or applicable law.

2. DEFINITIONS

- 2.1 The definitions in Rule 2 of the ARIAS • U.S. Rules for the Resolution of U.S. Insurance and Reinsurance Disputes in effect at the time the Parties adopt these Rules are incorporated by reference into these Rules.

3. NOTICE AND TIME PERIODS

- 3.1 Rule 3 (Notice and Time Periods) of the ARIAS • U.S. Rules for the Resolution of U.S. Insurance and Reinsurance Disputes in effect at the time the Parties adopt these Rules is incorporated by reference into these Rules.

4. COMMENCEMENT OF ARBITRATION PROCEEDINGS

- 4.1 An arbitration shall be initiated by Notice of Arbitration, in writing, that identifies the (1) Petitioner and the name of the contact person to whom all communications are to be addressed (including telephone and e-mail

information); (2) Respondent against whom arbitration is sought; (3) contract(s) at issue; and (4) a short and plain statement of the nature of the claims and/or issues, including the amount in dispute.

- 4.2 The arbitration is commenced under these Rules on the date the Respondent, or its designated representative, receives the Notice of Arbitration.

5. RESPONSE BY RESPONDENT

- 5.1 Parties who receive a Notice of Arbitration shall respond to it, in writing, within thirty (30) days, and such Response shall contain (1) the identification of the entities on whose behalf the Response is sent and the name of the contact person to whom all communications are to be addressed (including telephone and e-mail information); (2) a short and plain response to the Petitioner's statement of the nature of its claims and/or issues; and (3) a short and plain statement of any claims and/or issues asserted by Respondent against Petitioner, including the amount in dispute.

6. APPOINTMENT AND COMPOSITION OF THE PANEL

- 6.1 The arbitration shall be conducted by a single umpire. The Parties may mutually agree on a single umpire. If the Parties are unable to do so within thirty (30) days of the response by the respondent referred to in ¶ 5.1, each Party will select four (4) Umpire candidates from the list of the ARIAS • U.S. Certified Arbitrators. The Parties will jointly send Umpire questionnaire forms (ARIAS • U.S. form, unless otherwise agreed) to the eight (8) selected Umpire candidates for completion and simultaneous return to the Parties within ten (10) days. Within seven (7) days after receipt of completed questionnaires, each Party will strike three (3) names from the other Party's list and simultaneously exchange the name of the remaining candidates. The Parties will select the Umpire from among the remaining two (2) candidates by drawing lots or another method acceptable to both Parties.
- 6.2 Unilateral contact between a Party or its representative(s) on the one hand, and an individual considered for appointment as an Umpire on the other hand, shall not be permitted.
- 6.3 If after appointment an Umpire is unable or unwilling to serve, a replacement Umpire shall be chosen by the Parties as soon as practical (but no later than fourteen (14) days) after notification of the Umpire's inability or unwillingness to serve. Where the Parties are unable to reach agreement, the Parties shall appoint a replacement Umpire in accordance with the procedure set forth in ¶ 6.1.
- 6.4 Unless otherwise awarded by the Umpire pursuant to ¶ 8.2 or ¶ 11.7, each Party shall share equally the cost of the Umpire.

7. CONFIDENTIALITY

- 7.1 Unless otherwise agreed by the Parties, or ordered by the Umpire upon the motion of a Party and a showing of good cause, all meetings and hearings with the Umpire are private and confidential to the Parties. Only the Umpire, the Parties, the duly authorized representatives of the Parties and others participating in the proceedings may be admitted to meetings and hearings. If the Parties agree that any meeting or hearing is to be non-confidential, they shall inform the Umpire of their agreement as soon as reasonably practical after reaching it.
- 7.2 Unless otherwise agreed by the Parties, or ordered by the Umpire upon the motion of a Party and a showing of good cause, the Umpire and the Parties shall use their best efforts to maintain the confidential nature of the arbitration proceedings and any Decision, including the hearing and any written explanation of any Decision, except (a) as necessary in connection with a judicial proceeding relating to the arbitration or any Decision; (b) as otherwise required by law, regulation, independent accounting audit or judicial decision; (c) if the arbitration proceedings relate to a direct insurance dispute, then to support the insurer's reinsurance recoveries; (d) if the arbitration proceedings relate to a reinsurance dispute, then to support the reinsurer's retrocessional recoveries; or (e) as otherwise agreed by the Parties. The Parties shall use their best efforts to maintain this confidentiality when pursuing any of the exceptions set forth in this paragraph, including the filing of pleadings under seal when permitted.

8. INTERIM DECISIONS

- 8.1 The Umpire may issue Decisions for interim relief. Consistent with §§ 9.7 and 10.4, respectively, the Parties are not permitted to make motions on the merits or formal discovery motions.
- 8.2 The Umpire shall have the power to impose sanctions for failure to comply with an interim Decision by the Umpire or for discovery-related abuse. Such possible sanctions may include but are not limited to: striking a claim or defense; excluding evidence on an issue; drawing an adverse inference against a Party; and imposing costs, including attorneys' fees, associated with such abuse or failure to comply.

9. PRE-HEARING PROCEDURE

- 9.1 The Umpire shall conduct an Organizational Meeting with the Parties and any authorized representatives of the Parties for the purposes of clarifying the focus of the arbitration hearing, resolving any outstanding issues relating to

the conduct of the hearing and establishing a schedule for the conduct of the proceedings in general.

- 9.2 The Organizational Meeting shall be held as soon as possible after the selection of the Umpire but in no event shall it be held later than thirty (30) days after the selection of the Umpire. The Umpire shall take into consideration this and other scheduling requirements set forth in these Rules when accepting appointments. The parties will jointly advise umpire candidates either in the umpire questionnaire or some other communication of the scheduling requirements that must be taken into consideration when accepting appointments. Unless the Umpire orders otherwise, the Organizational Meeting shall be conducted by video conference or telephonically.
- 9.3 Prior to the Organizational Meeting, the Parties shall confer and seek agreement on all issues that are expected to be considered at the Organizational Meeting, with a focus on those items identified in ¶ 9.7.
- 9.4 Five (5) days prior to the Organizational Meeting, each Party shall submit a position statement to the Umpire. The position statement shall not exceed five double-spaced pages in length using 12 point font of the Times New Roman, Courier or similar business-oriented type face variety. With the exception of the insurance or reinsurance contract(s), exhibits to the position statement shall not be permitted, unless expressly requested by the Umpire or agreed by the Parties. If requested by the Umpire, permissible exhibits may include, as applicable, only: (a) the billing(s) and documents provided specifically in support of the billing(s) or, where the dispute does not concern a billing, such documents that specifically relate and succinctly capture the disputed issue; (b) correspondence between the Parties specifically relating to the matter in dispute; and (c) depending upon the nature of the dispute, the category or categories of documents determined by the Umpire or as mutually agreed by the Parties to be relevant to the specific matter in dispute.
- 9.5 At the Organizational Meeting, the Umpire shall reveal on the record his or her past, present and any known future business and personal relationships with the Parties, the Parties' counsel, and with potential witnesses if identified in documents provided to the Umpire. Once disclosures have been made by the Umpire, Parties may be asked by the Umpire to accept his or her service as Umpire in the arbitration. The Umpire shall have a continuing obligation to disclose such information to the Parties.
- 9.6 At the Organizational Meeting, and prior to any request that the Parties accept the Umpire's service in the arbitration, the Umpire shall disclose whether any Party representative, or counsel contacted him or her regarding any work done in return for compensation (*e.g.*, service on a Panel, expert work, consulting work) to the extent not already disclosed in his or her completed ARIAS•U.S.

Neutral Umpire Questionnaire. The Umpire shall have a continuing obligation to disclose whether either Party or their respective counsel or representatives have approached him or her to serve on an arbitration panel in other matters or to work in any other capacity.

- 9.7 At the Organizational Meeting, the Umpire shall set a schedule for the arbitration. The schedule shall include: (1) a date certain for the hearing on the merits; and (2) a date for the exchange of documents based on the categories outlined in ¶ 10.1 and as determined by the Umpire at the Organizational Meeting. At the Organizational Meeting, the Umpire may address any other matters relating to scheduling, discovery and the administration of the arbitration, including Hold Harmless or indemnification agreements from the Parties flowing to the Umpire and whether the ARIAS • U.S. form agreement should be used as well as confidentiality agreements to ensure the confidentiality provided in Article 7.

Motions on the merits shall not be permitted at the Organizational Meeting or at any other point in time prior to the hearing on the merits

- 9.8 A formal record or transcript of the Organizational Meeting shall be kept, unless waived by the Parties. The cost of the record or transcript shall be shared equally by the Parties. The Umpire shall place on the record the disclosures required by ¶¶ 9.5 and 9.6.
- 9.9 The Umpire may allow the Parties to present a brief overview of the matters set forth in ¶ 9.4, whether or not written submissions were requested or received by the Umpire.

10. DISCOVERY

- 10.1 Automatic document discovery shall be limited to the following categories of documents: (a) the insurance or reinsurance contract(s); (b) the placement and underwriting files; (c) if a reinsurance dispute, the ceded and assumed reinsurance claim files; (d) if a reinsurance dispute, the reinsured policy(ies); (e) the billing(s) and documents provided specifically in support of the billing(s) or, where the dispute does not concern a billing, such documents that specifically relate and succinctly capture the disputed issue; (f) correspondence between the Parties specifically relating to the matter in dispute; and (g) depending upon the nature of the dispute, the category or categories of documents, including, but not limited to, the underwriting and claims files relating to the reinsured policy(ies), determined by the Umpire at the Organizational meeting to be relevant to the specific matter in dispute, or as mutually agreed by the Parties.
- 10.2 The Umpire shall have additional discretion regarding document discovery on the following categories of documents: (a) documents relating to other

insurance or reinsurance contracts not in dispute; and (b) (i) underwriting or claim handling manuals and/or (ii) documents relating to non-parties, upon a showing of good cause and in recognition that the purpose of these procedures is to streamline discovery, reduce costs, and efficiently resolve disputes.

- 10.3 Documents required under ¶ 10.1 shall be exchanged by the Parties no later than sixty (60) days after the Organizational Meeting. If any document is withheld from production under ¶ 10.1 pursuant to a claim of attorney-client privilege, work product, or other applicable privilege or protection, the Party asserting such claim shall, contemporaneously with its document production, serve upon the other Party a privilege log meeting the requirements of Fed. R. Civ. P. 26(b)(5). If a Party does not have a particular category of documents, then they shall so state to the other Party and the Umpire. The Parties may mutually agree to expand or restrict the categories of documents to be produced. Any such agreement shall be in writing and communicated to the Umpire. If a Party fails to produce documents in one of the predetermined categories, or to state the non-existence of such documents, the Umpire may make an adverse inference against the non-producing Party.
- 10.4 No formal document discovery motions shall be permitted. Any dispute regarding document discovery shall be resolved by the Umpire after hearing the positions of both sides during a video conference or conference call, unless the dispute is raised in a Party's position statement or during the Organizational Meeting.
- 10.5 Depositions shall not be permitted without leave of the umpire, which will be granted for good cause shown. No more than two (2) depositions will be permitted per side and no deposition shall last more than seven (7) hours. Depositions will be completed no later than ninety (90) days after the Organizational Meeting.
- 10.6 No expert discovery shall be permitted.

11. HEARING ON THE MERITS

- 11.1 The hearing on the merits shall be set no later than one hundred and eighty (180) days after the Organizational Meeting. The hearing shall be scheduled for one (1) day and shall be held in the location specified in the Arbitration Agreement or as otherwise agreed by the Parties; if the Arbitration Agreement is silent on the location and the Parties cannot otherwise agree, the location shall be selected by the Umpire, after consultation with the Parties. The Parties may agree with the Umpire to conduct the hearing by video conference or telephonically. If the hearing is to be held in person, the Umpire shall permit the Parties or witnesses so choosing, if any, to appear at the hearing by

video conference or telephonically. The hearing shall last for no longer than eight (8) hours, excluding breaks, and no live testimony shall be given at the hearing, unless mutually agreed by the Parties or requested by the Umpire. The remainder of the rules and procedures governing the hearing shall be established by the Umpire, provided said rules and procedures do not contravene these Rules.

- 11.2 All principal briefs, documents in support, and deposition transcripts shall be provided to the Umpire no later than twenty (20) days prior to the hearing. Principal briefs shall be limited to ten (10) double-spaced pages in length using 12 point font of the Times New Roman, Courier or similar business-oriented type face variety. Documents in support of a Party's position shall be limited to documents exchanged in discovery. The entirety of a deposition video or transcript shall be provided to the Umpire. No later than fifteen (15) business days prior to the hearing, a Party may, but is not required to, submit a reply brief to the Umpire. The reply brief, if any, shall be limited to three (3) double-spaced pages in length.
- 11.3 No evidence from expert witnesses shall be submitted by the parties to the Umpire.
- 11.4 After receiving the Parties' submissions, the Umpire shall decide whether an in-person hearing is required and if so, whether live testimony shall be permitted. If the Umpire decides that an in-person hearing is not required, he or she shall inform the Parties at least ten (10) business days prior to the scheduled hearing.
- 11.5 Within three (3) business days prior to the hearing, the Umpire may, but is not required to, submit questions or topics that any he or she would like the parties to address at the hearing. Notwithstanding a request from the Umpire for certain questions or topics to be addressed at hearing, no additional briefing shall be permitted.
- 11.6 The decision or award by the Umpire shall not have any res judicata or collateral estoppel effect.
- 11.7 The Umpire is authorized to award monetary damages, pre- or post award interest, costs of arbitration and attorneys' fees. The Umpire may not award declaratory relief, injunctive relief, rescission or any other equitable relief. The Umpire may not make findings of bad faith or award punitive damages.