



The Arbitration Amendments Act Levels the Playing Field for Consumers

Current Law

Mandatory Binding Arbitration has become a tool used by big businesses in “take it or leave it” contracts to strip away consumers’ and employees’ constitutional rights to go to court when they are injured. Right now, D.C. residents are required to sign mandatory binding arbitration clauses to get many services such as insurance, cell phones and jobs. The current law fails to provide due process protections, and allows arbitration companies to keep their decisions and awards secret.

DC Arbitration Amendments Act

D.C. Bill B-17-050, the Arbitration Amendments Act of 2007, provides much needed protections for D.C. consumers, employees and other vulnerable District residents, by imposing some modest limits on Mandatory Binding Arbitration.

The Act prohibits all pre-dispute mandatory binding arbitration in insurance contracts.

- Consumers could obtain health, auto, homeowners and other insurance coverage without giving up their right to go to court.
- Consumers could decide to arbitrate or go to court when an insurance company fails to pay a claim or otherwise fulfill its responsibilities.
- 23 states already prohibit mandatory binding arbitration in all or some insurance contracts

The Act requires disclosures by arbitration companies so consumers can inform themselves before entering into contracts that do require mandatory binding arbitration.

- Creation of an online database disclosing relationship between the arbitrator and previous clients
- Disclosure of arbitration costs to the consumer prior to entering into the arbitration agreement
- Disclosure of the percentage of claims determined against consumers

The Act provides increased fairness of process.

- Improved notice provisions
- Non-waiveable right to have a lawyer present during arbitration
- Written explanations of arbitration judgments
- Prohibition on requiring consumers to give up their right to compensation in order to obtain goods or services
- Broader judicial oversight and greater ability to appeal arbitration judgments and orders compelling arbitration
- Prohibition on fee shifting schemes which place the entire burden of cost on the losing party
- Hardship clause that allows impoverished consumers to bring claims
- Preservation of the right to bring class action lawsuits

Affect of Adoption of the Arbitration Amendments Act of 2007

This bill would allow greater public scrutiny of arbitration decisions and awards and would provide D.C. residents with much needed protections against the injustice of pre-dispute mandatory binding arbitration clauses. This bill has been endorsed by consumer protection organizations, the D.C. attorney general’s office, and the D.C. Courts.

For more information, please visit:

