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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO COURTS AND CIVIL PROCEDURE -- PROCEDURE IN PARTICULAR
ACTIONS -- ARBITRATION

Introduced By: Senators McKenney, LaMountain, and Burke

Date Introduced: February 21, 2025

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 10-3-2, 10-3-22, 10-3-23 and, 10-3-24 of the General Laws in
2 Chapter 10-3 entitled "Arbitration" are hereby amended to read as follows:

3 **10-3-2. Agreements to arbitrate subject to chapter — Notice.**

4 (a) When clearly written and expressed, a provision in a written contract to settle by
5 arbitration a controversy thereafter arising out of such contract, or out of the refusal to perform the
6 whole or any part thereof, or an agreement in writing between two (2) or more persons to submit
7 to arbitration any controversy existing between them at the time of the agreement to submit shall
8 be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the
9 revocation of any contract; provided, however, that the provisions of this chapter shall not apply
10 to, [arbitration agreements governed by 9 U.S.C. §§ 1 through 16](#), collective contracts between
11 employers and employees, or between employers and associations of employees, in respect to terms
12 or conditions of employment; and provided further, that in all contracts of primary insurance,
13 wherein the provision for arbitration is not placed immediately before the testimonium clause or
14 the signature of the parties, the arbitration procedure may be enforced at the option of the insured,
15 and in the event the insured exercises the option to arbitrate, then the provisions of this chapter
16 shall apply and be the exclusive remedy available to the insured.

17 (b) **Notice of intention to arbitrate.** A party may serve upon another party a demand for
18 arbitration or a notice of intention to arbitrate, specifying the agreement pursuant to which

1 arbitration is sought and the name and address of the party serving the notice, or of an officer or
2 agent thereof if such party is an association or corporation, and stating that unless the party served
3 applies to stay the arbitration within ~~twenty (20)~~ [one hundred-eighty \(180\)](#) days after such service
4 they shall thereafter be precluded from objecting that a valid agreement was not made or has not
5 been complied with and from asserting in court the bar of a limitation of time. Such notice or
6 demand shall be served in the same manner as a summons or by registered or certified mail, return
7 receipt requested. An application to stay arbitration shall be made by the party served within ~~twenty~~
8 ~~(20)~~ [one hundred-eighty \(180\)](#) days after service upon the party of the notice or demand, or they
9 shall be so precluded. Notice of such application shall be served in the same manner as a summons
10 or by registered or certified mail, return receipt requested. Service of the application may be made
11 upon the adverse party, or upon their attorney if the attorneys' name appears on the demand for
12 arbitration or the notice of intention to arbitrate. Service of the application by mail shall be timely
13 if such application is posted within the prescribed period. Any provision in an arbitration agreement
14 or arbitration rules that waives the right to apply for a stay of arbitration or prescribes a manner of
15 notifying a party of an intention to commence arbitration that is more burdensome than that
16 described in this section is hereby declared null and void.

17 (c) The party required to send notice pursuant to subsection (b) of this section shall
18 affirmatively include in the notice the rights being waived by failure to apply for the stay of
19 arbitration. Said notice shall be done in bold print and highlighted.

20 **10-3-22. Right to representation.**

21 A party has the right to be represented by an attorney and may claim such right at any time
22 as to any part of the arbitration or hearings that have not taken place. This right may not be waived.
23 If a party is represented by an attorney, papers to be served on the party shall be served upon the
24 party's attorney. Any [provision of an](#) agreement that discriminates against or penalizes a party for
25 retaining the services of counsel in an arbitration is null and void.

26 **10-3-23. Fees and costs of arbitration initiation — Invoice — Breach of agreement —**
27 **Sanctions.**

28 (a)(1) In an employment or consumer arbitration that requires, either expressly or through
29 application of state or federal law or the rules of the arbitration provider, unless there is a mutually
30 agreed upon provision to split costs equally, the drafting party, unless otherwise specified, is to pay
31 certain fees and costs before the arbitration can proceed. If the fees or costs to initiate an arbitration
32 proceeding are not paid within thirty (30) days after the due date the drafting party is in [default and](#)
33 [the arbitration provider shall send notice of default to the drafting party. If the drafting party fails](#)
34 [to cure the default within fifteen \(15\) days after notice of the default or to file an action in court or](#)

1 [a motion in arbitration to challenge whether the arbitration filings or notice of default are proper,](#)
2 [the drafting party is in](#) material breach of the arbitration agreement, is in default of the arbitration,
3 and waives its right to compel arbitration under § 10-3-4.

4 (2) After an employee or consumer meets the filing requirements necessary to initiate an
5 arbitration, the arbitration provider shall immediately provide an invoice for any fees and costs
6 required before the arbitration can proceed to all of the parties to the arbitration. The invoice shall
7 be provided in its entirety, shall state the full amount owed and the date that payment is due, and
8 shall be sent to all parties by the same means on the same day. To avoid delay, absent an express
9 provision in the arbitration agreement stating the number of days in which the parties to the
10 arbitration must pay any required fees or costs, the arbitration provider shall issue all invoices to
11 the parties as due upon receipt.

12 (b) If the drafting party materially breaches the arbitration agreement and is in default under
13 subsection (a) of this section, the employee or consumer may do either of the following:

14 (1) Withdraw the claim from arbitration and proceed in a court of appropriate jurisdiction;
15 or

16 (2) Compel arbitration in which the drafting party shall pay reasonable attorneys' fees and
17 costs related to the arbitration.

18 (c) If the employee, consumer, or other involved party withdraws the claim from arbitration
19 and proceeds with an action in a court of appropriate jurisdiction under subsection (b)(1) of this
20 section, the statute of limitations with regard to all claims brought or that relate back to any claim
21 brought in arbitration shall be tolled as of the date of the first filing of a claim in a court, arbitration
22 forum, or other dispute resolution forum.

23 (d) If the employee or consumer proceeds with an action in a court of appropriate
24 jurisdiction, the court shall impose sanctions on the drafting party in accordance with § 10-3-25.

25 **10-3-24. Material breach of agreement — Remedies.**

26 (a)(1) In an employment or consumer arbitration that requires, either expressly or through
27 application of state or federal law or the rules of the arbitration provider, that the drafting party pay
28 certain fees and costs during the pendency of an arbitration proceeding, if the fees or costs required
29 to continue the arbitration proceeding are not paid within thirty (30) days after the due date, the
30 drafting party is in [default and the arbitration provider shall send notice of default to the drafting](#)
31 [party. If the drafting party fails to cure the default within fifteen \(15\) days after notice of the default](#)
32 [or to file an action in court or a motion in arbitration to challenge whether the arbitration filings or](#)
33 [notice of default are proper, the drafting party is in](#) material breach of the arbitration agreement, is
34 in default of the arbitration, and waives its right to compel the employee or consumer to proceed

1 with that arbitration as a result of the material breach.

2 (2) The arbitration provider shall provide an invoice for any fees and costs required for the
3 arbitration proceeding to continue to all of the parties to the arbitration. The invoice shall be
4 provided in its entirety, shall state the full amount owed and the date that payment is due, and shall
5 be sent to all parties by the same means on the same day. To avoid delay, absent an express
6 provision in the arbitration agreement stating the number of days in which the parties to the
7 arbitration must pay any required fees or costs, the arbitration provider shall issue all invoices to
8 the parties as due upon receipt. Any extension of time for the due date shall be agreed upon by all
9 parties.

10 (b) If the drafting party materially breaches the arbitration agreement and is in default under
11 subsection (a) of this section, the employee or consumer may unilaterally elect to do any of the
12 following:

13 (1) Withdraw the claim from arbitration and proceed in a court of appropriate jurisdiction.
14 If the employee or consumer withdraws the claim from arbitration and proceeds with an action in
15 a court of appropriate jurisdiction, the statute of limitations, with regard to all claims brought or
16 that relate back to any claim brought in arbitration, shall be tolled as of the date of the first filing
17 of a claim in any court, arbitration forum, or other dispute resolution forum;

18 (2) Continue the arbitration proceeding, if the arbitration provider agrees to continue
19 administering the proceeding, notwithstanding the drafting party's failure to pay fees or costs. The
20 neutral arbitrator or arbitration provider may institute a collection action at the conclusion of the
21 arbitration proceeding against the drafting party that is in default of the arbitration for payment of
22 all fees associated with the employment or consumer arbitration proceeding, including the cost of
23 administering any proceedings after the default;

24 (3) Petition the court for an order compelling the drafting party to pay all arbitration fees
25 that the drafting party is obligated to pay under the arbitration agreement or the rules of the
26 arbitration provider; or

27 (4) Pay the drafting party's fees and proceed with the arbitration proceeding. As part of the
28 award, the employee or consumer shall recover all arbitration fees paid on behalf of the drafting
29 party without regard to any findings on the merits in the underlying arbitration.

30 (c) If the employee or consumer withdraws the claim from arbitration and proceeds in a
31 court of appropriate jurisdiction pursuant to subsection (b)(1) of this section, both of the following
32 apply:

33 (1) The employee or consumer may bring a motion, or a separate action, to recover all
34 attorneys' fees and all costs associated with the abandoned arbitration proceeding. The recovery of

1 arbitration fees, interest, and related attorneys' fees shall be without regard to any findings on the
2 merits in the underlying action or arbitration; and

3 (2) The court shall impose sanctions on the drafting party in accordance with § 10-3-25.

4 (d) If the employee or consumer continues in arbitration pursuant to subsections (b)(2)
5 through (4) of this section, inclusive, the arbitrator shall impose appropriate sanctions on the
6 drafting party, including monetary sanctions, issue sanctions, evidence sanctions, or terminating
7 sanctions.

8 SECTION 2. This act shall take effect on January 1, 2026

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO COURTS AND CIVIL PROCEDURE -- PROCEDURE IN PARTICULAR
ACTIONS -- ARBITRATION

1 This act would provide that effective January 1, 2026 contract provisions relative to
2 arbitration would not apply to agreements covered by 9 U.S.C. §§ 1 through 16 and extend the time
3 for a party to apply for a stay of arbitration to one hundred-eighty (180) days. The act would also
4 invalidate any provision of an agreement that penalizes a party for seeking legal representation in
5 an arbitration; and require the arbitrator to provide notice of default to a party for failure to pay fees
6 and afford the party in default to challenge any notice of default.

7 This act would take effect on January 1, 2026

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