

STATE OF MINNESOTA  
IN SUPREME COURT  
NO. 45550

In re Proposed Rules of  
Procedure for Arbitration  
of No-Fault Automobile  
Insurance Act Claims.

O R D E R

The above entitled matter came on for hearing before the Supreme Court of Minnesota, assembled at the State Capitol, on Monday, December 23, 1974, at 10 a. m.

L. 1974, c. 408, § 12, authorizes the Minnesota Supreme Court to promulgate rules of court providing for the submission to arbitration of certain cases arising under the provisions of the Minnesota No-Fault Automobile Insurance Act, L. 1974, c. 408.

An advisory committee to formulate proposed rules of procedure for arbitration was appointed by Chief Justice Robert J. Sheran and consisted of Leonard E. Lindquist, chairman, S. P. Gislason, Thomas Gruesen, B. Warren Hart, John V. Norton, Charlotte Neigh, Dennis R. Peterson, Richard R. Quinlivan, Douglas F. Schmidt, James R. Schwebel, Ronald L. Simon, and John C. Wallraff.

Following notice of hearing given by the court on December 10, 1974, said notice was published in Finance and Commerce, St. Paul Legal Ledger, Northwestern Reporter, and the Capitol Reporter. Copies of the proposed rules were made available through the Minnesota Supreme Court Clerk's office. Copies of the proposed rules were also posted in each clerk of court's office in each Minnesota county courthouse. Notices were also mailed to numerous insurance organizations.

In addition to appearances made by members of the advisory committee, Richard R. Quinlivan submitted written material. An appearance was made by Thomas M. Conlin on behalf of the State Farm Mutual Insurance Companies.

Being fully advised in the premises,

IT IS ORDERED that, in the form described below, the

proposed rules of procedure be, and the same hereby are, adopted, promulgated, and prescribed as the Rules of Procedure for Arbitration of No-Fault Automobile Insurance Act Claims:

RULES OF PROCEDURE FOR ARBITRATION  
OF NO-FAULT AUTOMOBILE INSURANCE ACT CLAIMS

1. ADMINISTRATION. Arbitration under L. 1974, c. 408, § 12, shall be administered by a standing committee of twelve members to be appointed by the Minnesota Supreme Court. Initially, the twelve members shall be appointed for terms to commence January 1, 1975, and the supreme court shall designate three such members for a one-year term, three for a two-year term, three for a three-year term and three for a four-year term. Thereafter, three members shall be appointed for a four-year term commencing on January 1 of each succeeding year.

The day-to-day administration of arbitration under L. 1974, c. 408, § 12, shall be handled by the American Arbitration Association (hereinafter AAA) or such other agency as shall be subsequently designated by the standing committee. Such administration shall be subject to the continuing supervision of the standing committee.

2. APPOINTMENT OF ARBITRATOR. The standing committee shall nominate annually a panel of arbitrators, which nominees shall be subject to approval by the supreme court. The panel appointed by the supreme court shall be certified by the standing committee to the AAA.

3. QUALIFICATIONS OF ARBITRATORS. Every member of the panel shall be a licensed attorney at law of this state. No person shall serve as an arbitrator in any arbitration in which he has a financial or personal conflict of interest, whether actual or potential. Under procedures established by the standing committee and immediately following his appointment to the panel, each member shall be required to disclose any circumstances likely to create a presumption or possibility of bias or conflict which may disqualify him as a potential arbitrator. Each member shall supplement said disclosure as the circumstances require. A party to an arbitration may advise the AAA of any reason why the arbitrator should withdraw or be disqualified from serving prior to exercising strikes permitted by these rules. An objection to a potential arbitrator shall be determined initially by the AAA, subject to appeal to the standing committee. If any arbitrator should resign, be disqualified or unable to perform the duties of his office, the AAA shall appoint another arbitrator to the case.

4. SELECTION OF ARBITRATOR. On procedures to be adopted by the standing committee, the AAA, upon initiation of an arbitration, shall select from the panel three potential arbitrators to resolve the claim and shall notify the insurer and the claimant of the selection. Each party may strike one of the potential arbitrators and an arbitrator shall be selected by the AAA from the remaining names of potential arbitrators. In the event of multi-party arbitration, the AAA may increase the number of potential arbitrators and divide the strikes so as to afford an equal number of strikes to each adverse interest.

5. OATHS. Arbitrators, upon accepting appointment to the panel, shall take an oath or affirmation of office. The arbitrator may require witnesses to testify under oath or affirmation.

6. INITIATION OF ARBITRATION. At such time as the insurer denies the claim of the claimant, the insurer shall advise the claimant of its willingness or lack thereof to submit the claim to arbitration. In the event that the insurer is willing to submit the claim to arbitration, the insurer shall advise the claimant that the claim may be submitted to arbitration and that information regarding initiation of the arbitration procedure may be obtained from the AAA and shall advise the claimant of the AAA's current address. The AAA shall provide a demand for arbitration form which shall be supplied to any claimant requesting said form together with a printed copy of these rules of procedure. Arbitration shall be commenced by the filing with the AAA of the demand for arbitration form and the filing fee set forth below.

7. FILING FEE. The filing fee shall be assessed as follows:

To the claimant - \$25  
To the insurer - \$75

8. NOTICE. Upon the filing of the demand for arbitration form by either party, the AAA shall send a copy of said form to the other party together with a request for payment of the filing fee.

9. CONCILIATION AND PRETRIAL PROCEDURES. Through pre-hearing conference or other joint communication to the parties, the arbitrator may, and is encouraged to, conciliate the claim, and he shall encourage the parties to narrow the issues so far as possible in an effort to shorten the hearing. At least ten days before the hearing, the arbitrator shall ask the parties to stipulate to facts not in dispute, and may ask each party to furnish the other parties with copies of each document or exhibit which that party intends to offer in evidence.

10. TIME AND PLACE OF ARBITRATION. If conciliation is not successful, an informal arbitration hearing will be held in the arbitrator's office or some other appropriate place in the general locale of the claimant's residence, or other place agreed upon by the parties. The arbitrator shall fix the time and place for such informal hearing. At least fourteen days prior to the hearing, the arbitrator shall mail notice to each party or to the parties' designated representative. Notice of hearing may be waived by any party.

11. WITNESSES, SUBPOENAS, DEPOSITIONS.

(a) The arbitrator may, on his own initiative or at the request of any party, issue subpoenas for the attendance of witnesses and the production of books, records, documents and other evidence. The subpoenas so issued shall be served, and upon application to the district court by either party or the arbitrator, enforced in the manner provided by law for the service and enforcement of subpoenas for a civil action.

(b) All provisions of law compelling a person under subpoena to testify are applicable.

(c) Fees for attendance as a witness shall be the same as for a witness in the district courts.

(d) Upon application of any party, the arbitrator may permit any discovery allowable under the Minnesota Rules of Civil Procedure for the District Courts.

12. EVIDENCE. The parties may offer such evidence as they desire and shall produce such additional evidence as the arbitrator may deem necessary to an understanding and determination of the issues. The arbitrator shall be the judge of the relevancy and materiality of any evidence offered and conformity to legal rules of evidence shall not be necessary. The parties shall be encouraged to offer, and the arbitrator shall be encouraged to receive and consider, evidence by affidavit or other document, including medical reports, statements of witnesses, officers, accident reports, medical texts and other similar written documents which would not ordinarily be admissible as evidence in the courts of this state. In receiving such evidence, the arbitrator shall consider any objections to its admission in determining the weight to which he deems it is entitled.

13. ARBITRATOR'S FEES. An arbitrator shall be compensated for his services and for the use of his office or other appropriate facilities used for the hearing in the amount of \$100 for each one-half day or a part thereof that is spent in hearing. If a claim is settled prior to the commencement of the hearing, the arbitrator's fees shall not exceed the sum of \$50. These fees shall be paid by the insurer but may be taxed as a cost and disbursement as set out hereinafter.

14. COSTS. In addition to the award, there may be taxed, at the discretion of the arbitrator, the actual costs and disbursements incurred, or any part thereof.

15. CLOSE OF HEARING. The arbitrator shall specifically inquire of all parties as to whether they have any further evidence. If they do not, the arbitrator shall declare the hearing closed. If briefs or documents are to be filed, the hearing shall be declared closed as of the final date set by the arbitrator for the receipt of said briefs or documents. The time limit within which the arbitrator is required to make his award shall commence to run upon the close of the hearing.

16. TIME OF AWARD. The arbitrator shall render his award promptly and, unless otherwise agreed to by the parties, not later than thirty days from the close of the hearing or the reopened hearings.

17. REOPENING OF HEARINGS. At any time before the award is made, a hearing may be reopened by the arbitrator on his own motion, or for good cause shown, upon application of a party.

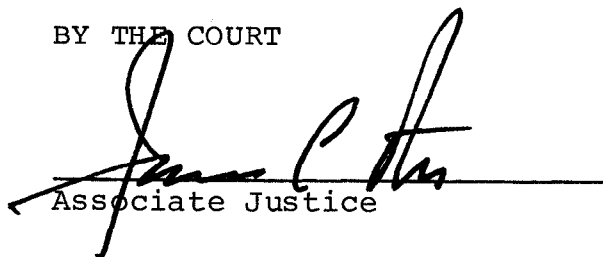
18. DELIVERY OF AWARD TO PARTIES. The placement of an award or a true copy thereof in the mail, addressed to the parties or their attorneys for delivery at their last known address, or personal service of an award upon a party or in any other manner which may be prescribed by law shall constitute legal delivery thereof.

19. CONFIRMATION, VACATION, MODIFICATION OR CORRECTION OF AWARD. Provisions of Minnesota Statutes, § 572.10 through 572.26 shall apply to the confirmation, vacation, modification or correction of award issued hereunder.

20. AMENDMENT OR MODIFICATION. The standing committee may propose amendments to these rules as circumstances may require. All changes in these rules, and all other determinations of the standing committee, shall be subject to review and approval by the Minnesota Supreme Court.

Dated December 30 1974

BY THE COURT

A handwritten signature in cursive script, appearing to read "James C. Stone", is written over a horizontal line. The signature is positioned above the printed text "Associate Justice".

Associate Justice

45550

August 9, 1974

## MEMO TO THE COURT

RE: Advisory Committee to Formulate Rules for Arbitration

I am recommending the following persons to serve on the Supreme Court Advisory Committee to formulate Rules for Arbitration under the uninsured motorist law which we discussed at our meeting August 8:

As Chairman: Leonard E. Lindquist of Lindquist & Vennum,  
Minneapolis 4200 FDS Center

Edward H. Borkon of Schermer, Schwappach,  
Borkon & Ramstead, Minneapolis 1010 Midwest Plaza Bldg.  
Mpls

S. P. Gislason of Gislason, Alsop & Dosland,  
New Ulm

M. C. Green of Maun, Hazel, Green, etc., St. Paul  
332 Mann Bldg, ST. Paul.

Tom Guesen of Courtney, Guesen & Peterson, Duluth

Warren Hart of Moore, Costello & Hart, St. Paul  
1400 NW Nat'l Bank Bldg, ST. Paul

Chester Johnson, of Rider, Bennett, Egan, etc.,  
Minneapolis 1910 1st Nat'l Bank Bldg., Mpls

John Norton, of Norton, Jergens, Hebert & Cass,  
Stillwater

Dennis R. Peterson of Plunkett & Peterson,  
Rochester

Richard Quinlivan of Quinlivan & Quinlivan, St.  
Cloud

Gordon Rosenmeier, of Rosenmeier, Simonett & Perry,  
Little Falls

Douglas Schmidt of Grose & VanHoltum, Worthington

James Schwebel of DeParcq, Anderson, Perl & Hunegs,  
Minneapolis 565 Pillsbury Bldg, Mpls

<sup>add L.</sup>  
Ron Simon, of Simon, Schneider & Marker, Minneapolis  
909 1st Nat'l Bank Bldg.

John Wallraff, of Douglass, Bell, Donlin, etc.,  
St. Paul 2700 American National Bank Bldg.

For the most part, the lawyers above named are engaged in arbitration work involving motor vehicle accidents. Since the rules for arbitration with which we will be concerned will apply mainly to automobile accident cases, this would seem to be the type of person who would be the most helpful. If any of the people on this list are objectionable, or if there are any whose names should be added, please let me know. We will probably cut the list down to about 10 before issuing the invitations to serve on the committee.

Robert J. Sheran

RJS:dm