



MEADOWBROOK
INSURANCE GROUP

Advantages to Arbitration – United States

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Background

- ▶ U.S. Constitution
 - Commerce clause
 - 7th Amendment – right to jury trial
- ▶ Federal Arbitration Act – 1925
- ▶ McCarran Ferguson Act – 1945
- ▶ State laws on insurance arbitration

Advantages

- ▶ Lack of written decision
 - no precedential value
 - difficulty of appeal
- ▶ Expertise of arbitrators
- ▶ Confidentiality
- ▶ Less expensive
- ▶ Faster resolution

Disadvantages

- ▶ Difficulty of appeal
- ▶ More expensive – smaller disputes
- ▶ Restrictions on 3rd party discovery
- ▶ Arbitrators' disregard of the law