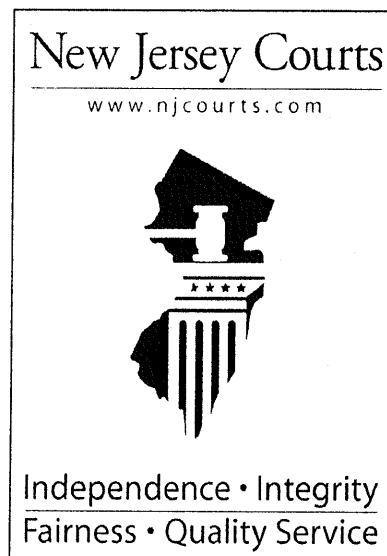


**AUTOMOBILE ARBITRATION PROGRAM
REPORT TO THE GOVERNOR AND LEGISLATURE
Calendar Year 2010
(Jan. 1, 2010 through Dec. 31, 2010)**



JUNE 2011

EXECUTIVE SUMMARY

In its 26th year of operation, the statewide automobile arbitration program has resolved a significant portion of the civil caseload without the need for a jury or judicial determination. Since the program's inception, it has helped to resolve more than 612,000 auto negligence cases.

For program statistics, please see the section titled "Status of the Program," which begins on page seven.

AUTOMOBILE ARBITRATION PROGRAM

REPORT TO THE GOVERNOR AND LEGISLATURE

History

On Oct. 4, 1983, Governor Thomas H. Kean signed legislation mandating that all automobile negligence actions in which the claim for non-economic loss is \$15,000 or less be submitted to arbitration. The statute also provides for voluntary arbitration of cases in which the value exceeds \$15,000, provided no complex factual or novel legal issues are involved. A copy of the statute (P.L. 1983, c. 358; *N.J.S.A. 39:6A-24 et seq*) is attached as Appendix A. The stated purpose of the legislation was to establish an informal system of handling auto negligence claims in an economic and expeditious manner, and to ease the congestion of the courts. The final section of the statute directed the Supreme Court to adopt rules of court appropriate to effectuate the purpose of the act.

In response to the legislative mandate, the Supreme Court Committee on Complementary Dispute Resolution Programs (known as the "CDR Committee"), then chaired by Associate Justice Marie L. Garibaldi (since retired), and established in August 1983 to explore methods of dispute resolution as alternatives to trial, was directed to draft rules to govern the operation of an arbitration program.

Because so many cases would be affected by the new program, the CDR Committee recommended to the Supreme Court that automobile arbitration be implemented initially on a pilot basis in only two counties – Union and Burlington. The Court concurred and adopted pilot rules, which were drafted by the CDR Committee with significant input from attorneys in the pilot counties. By Order of the Supreme Court, the rules became effective on Jan. 1, 1984 in Union and Burlington counties for all auto negligence cases valued at \$15,000 or less, and for auto negligence cases of greater value at the consent of the parties. The first arbitration hearings were held in the pilot counties on Feb. 17, 1984.

The CDR Committee used the pilot rules and the data gathered from Union and Burlington counties to draft auto arbitration rules for statewide application. These rules, modified slightly to accommodate comments received from the bench and the bar, were approved and adopted by the Supreme Court. They became effective in all counties as of Jan. 1, 1985. However, because of the need to undertake local planning in order to implement the program in the counties, arbitration hearings under the statewide rules commenced at different times in the various counties--from early January 1985 in Atlantic and Cape May counties to late July 1985 in Ocean County. A copy of the court rules now governing the statewide auto arbitration program is attached as Appendix B. These rules, *R. 4:21A-1 et seq.*, reflect the original statewide auto arbitration rules as amended periodically since their adoption.

In August 1985, the Arbitration Advisory Committee was established by the late Chief Justice Robert N. Wilentz to advise the Supreme Court and the Administrative Office of the Courts concerning policies governing the auto arbitration program, and to make recommendations for changes in the program rules. (The CDR Committee had performed this role initially; however, its mandate was broader than the establishment and ongoing oversight of a single alternative dispute resolution program.) Through the efforts of the committee, currently chaired by Hudson County Civil Presiding Judge Peter F. Bariso, Jr., and with the sponsorship of the Governor, the Legislature and the Judiciary, the automobile arbitration program has shown its potential to provide an expeditious and less costly mechanism for resolving auto negligence claims. Nevertheless, efforts continue to maximize the efficiency and effectiveness of this program.

Features of the Program

The auto arbitration program establishes a statewide system of court-annexed arbitration to handle auto negligence cases. The salient features of the program are:

- The arbitration hearing must occur within 60 days after the close of the applicable discovery period permitted for the particular track, thereby providing parties an opportunity for a rapid resolution to the dispute [R. 4:21A-1(d)].
- Arbitration hearings are held in court facilities and are not recorded [R. 4:21A-4(d)].
- The Rules of Evidence do not apply at the arbitration hearing. Arbitrators may hear any evidence necessary to render a decision. Further, in lieu of hearing testimony from witnesses other than the parties, arbitrators may accept affidavits of witnesses, interrogatories, deposition transcripts, and bills and reports of hospitals, doctors, or other experts [R. 4:21A-4(c)]. This informal and flexible procedure saves both time and witness fees.
- The average length of an arbitration hearing is considerably shorter than most trials. Simpler cases, such as two-party auto negligence cases, can be heard in less than 60 minutes. More complex cases may take several hours to hear, but this is still significantly quicker than a trial.
- Arbitrators must be either attorneys with seven years of experience in personal injury litigation in New Jersey or retired Superior Court judges. Arbitrators must have completed certain required training and continuing education requirements. [R. 4:21A-2(b) and R. 1:40-12(c)]. The qualification requirements for arbitrators are intended to ensure that those serving in the program are skilled and competent in the particular area of law. The training requirements are intended to ensure that cases are handled uniformly and that every participant in arbitration hearings receives the same level of service. The

roster of qualified arbitrators in each county is maintained by the Civil Presiding Judge and is composed of names of individuals regularly appearing in the county and recommended at least annually by the arbitrator selection committee of the county bar association. Each committee, appointed by the county bar association, consists of two plaintiffs' attorneys and two defense attorneys regularly representing individuals in personal injury litigation and one attorney who does not regularly represent either side [R. 4:21A-2(b)]. This procedure is designed to ensure that the arbitrators in each county are chosen in an unbiased manner and have the confidence of the local bar and the litigants. Each bar committee works proactively with the court in evaluating the arbitrators on an ongoing basis and in timely addressing problems or deficiencies.

- Although the rules provide that the parties to an arbitration hearing may choose the arbitrator who will hear their case by stipulating in writing to the name of the arbitrator [R. 4:21A-2(a)], this alternative procedure is rarely, if ever, used.
- In the option of each county, cases are heard by a single arbitrator who is paid \$350 per day or by a two-person panel that is paid \$450 per day. [R. 4:21A-2(c), -2(d)]. The northern and central counties use single arbitrators. The southern counties and Mercer County use two-person panels.
- If any party is not satisfied with the arbitrator's award, that party can request a trial *de novo* upon demand filed and served within 30 days of the filing of the arbitration award and upon payment of \$200 [N.J.S.A. 39:6A-31, -32; R. 4:21A-6(b)(1), -6(c)]. A trial *de novo* is generally scheduled to occur within 90 days of the filing of the request. This is intended to provide an expedited resolution of the dispute and to alleviate the burden on attorneys and litigants of having to prepare a case twice.
- If the party demanding a trial *de novo* does not improve its position at trial by at least 20 percent, that party may be subject to monetary sanctions up to a

total of \$750 in attorney's fees and \$500 in witness costs [*N.J.S.A.* 39:6A-34; *R.* 4:21A-6(c)].

- If no trial *de novo* is requested, the case will be dismissed 50 days after the filing of the arbitration award unless either party moves for confirmation of the arbitration award by the court and entry of judgment or submits a consent order to the court detailing the terms of settlement and providing for dismissal of the action or entry of judgment [*R.* 4:21A-6(b)].

Status of the Program

In its 26th year of operation — Jan. 1, 2010 through Dec. 31, 2010-- about 1,200 attorneys and a small number of retired judges served as arbitrators in the program. During this period, 20,508 auto negligence cases were scheduled and noticed for arbitration hearings¹. Of these, 141 cases, or about 0.7 percent of the total scheduled, were removed from the program as ineligible (*i.e.*, involving unusually complex factual or novel legal issues); 2,630 cases, about 12.8 percent of the total scheduled, settled prior to or on the hearing day (usually as a result of noticing the attorneys that the case had been scheduled for arbitration); 9,357 cases, or approximately 46 percent, were arbitrated and had a decision rendered; and 1,452 cases, or an additional 7.1 percent, were otherwise disposed of, largely through settlement, but reported to the court as dismissed. Thus, in calendar year 2010, 12,484 civil cases² or approximately 61 percent of the total scheduled for arbitration were resolved as a result of the auto arbitration program - - cases that otherwise would

1. It should be noted that total cases scheduled during the report year (2010) include cases that were scheduled multiple times due to adjournments, discovery extensions and other reasons why they could not be arbitrated on the initial hearing date for which they were scheduled. Each time a case is recycled, it is counted. There currently is no way to break out these cases separately.

2 Total of cases settled prior to or on the hearing day, plus cases arbitrated and a decision rendered, plus cases otherwise disposed, less actual trials *do novo* completed.

have consumed scarce judicial trial resources. The remaining cases were adjourned. A chart providing aggregate and individual county data on the program for 2010 is attached (see Appendix C).

The data indicate that the program's trial *de novo* request rate is 82.3 percent, that is, in 7,704, or 82.3 percent of the 9,357 cases arbitrated³, the award was rejected and a trial *de novo* was demanded. However, the majority of these cases settled without trial. In 2010, only 955 arbitrated cases, or 10.2 percent of the total arbitrated, actually went to trial. It is important to point out that the trial *de novo* rate (10.2 percent) should not be confused with the general Civil Part trial rate (about 2 percent), which is based upon total civil trials per total civil dispositions.

During 2010, of the 7,704 arbitrated cases in which a trial *de novo* was requested, 6,669 requests, or 86.6 percent of the requests, were made by defendants. The remainder were made by plaintiffs. Table 1 shows the percentage of the total trial *de novo* requests filed by plaintiffs and defendants respectively from July 1987, when such data began to be maintained, through 2010.

Table 1 - Trial De Novo Requests

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Percentage Filed by Plaintiffs	45	41	38	38	36	31	26	29	25	29	28	24
Percentage Filed by Defendants	55	59	62	62	64	69	74	71	75	71	72	76
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Percentage Filed by Plaintiffs	20	19	19	17.8	16.7	15.2	15.4	14.8	15.2	15.7	15.2	13.4
Percentage Filed by Defendants	80	81	81	82.2	83.3	84.8	84.6	85.2	84.9	84.3	84.8	86.6

³ It should be noted that in years prior to 2005, this rate was computed as a percentage of all scheduled cases. However, to provide a more meaningful measure, this rate is now calculated as a percentage of arbitrated cases.

Participant Evaluation

The Judicial Council approved the mailing of notices to all arbitration participants who requested a trial *de novo* requiring them to complete the “Resolution of Arbitrated Cases Questionnaire” found at njcourts.com. The following summarizes the responses of counsel for the first 15 months of surveys, covering the period from Jan. 15, 2010 through April 27, 2011:

Resolution of Arbitrated Cases Questionnaire – 3,941 Responses

1. The demand for trial *de novo* was filed by?

Plaintiff	792	20.1%
Defendant	2929	74.3%
Third Party Defendant	34	0.9%
Not Applicable	186	4.7%

2. Your role and if applicable, your client’s insurance status (check all that apply)⁴

Attorney for Plaintiff	1858	47.1%
Self-Insured	165	4.2%
Attorney for Defendant	1969	50.0%
No Insurance Carrier	191	4.8%
Atty for 3d Party Defendant	64	1.6%

3. A party’s personal participation in the arbitration hearing helped settle the case.

Strongly Agree	583	15.4%
Somewhat Agree	850	22.5%
Neither Agree nor Disagree	1130	30.0%
Somewhat Disagree	257	6.8%
Strongly Disagree	541	14.3%
No Opinion	419	11.0%

4. In all questions that allow respondents to check more than one answer, percentages may exceed 100 percent.

4. The arbitration award helped settle the case earlier than it otherwise would have.

Strongly Agree	619	16.4%
Somewhat Agree	995	26.3%
Neither Agree nor Disagree	713	18.9%
Somewhat Disagree	407	10.8%
Strongly Disagree	801	21.1%
No Opinion	245	6.5%

The arbitration moved the case significantly towards settlement.

Strongly Agree	716	18.9%
Somewhat Agree	1074	28.4%
Neither Agree nor Disagree	662	17.5%
Somewhat Disagree	370	9.8%
Strongly Disagree	732	19.4%
No Opinion	226	29.0%

5. The arbitration made my client more realistic about the value of the case.

Strongly Agree	556	14.7%
Somewhat Agree	996	26.3%
Neither Agree nor Disagree	917	24.3%
Somewhat Disagree	349	9.2%
Strongly Disagree	651	17.2%
No Opinion	311	8.2%

6. The arbitration helped settle some of the legal and/or factual issues in the case.

Strongly Agree	431	11.4%
Somewhat Agree	939	24.8%
Neither Agree nor Disagree	975	25.8%
Somewhat Disagree	321	8.5%
Strongly Disagree	757	20.0%
No Opinion	357	9.4%

7. The arbitration created impediments to settlement.

Strongly Agree	304	8.0%
Somewhat Agree	318	8.4%
Neither Agree nor Disagree	828	21.9%
Somewhat Disagree	474	12.5%
Strongly Disagree	1515	40.1%
No Opinion	341	9.0%

8. The arbitrator's award was (check one):

Much too large	336	9.0%
Too large	774	20.7%
About right	2223	59.5%
Too little	270	7.2%
Much too little	131	3.5%

9. What impact did arbitration have on this case? (check all that apply)

Helped settle the case	1420	38.0%
Helped settle some of the issues	568	15.2%
Clarified positions	642	17.2%
No impact	1100	29.5%
Moved the case significantly towards settlement	457	12.2%
Created impediments to settle	418	11.2%
Other	486	

10. Type of case: (check all that apply)

Automobile	1012	59.1%
Contract	165	9.6%
Other Personal Injury	496	29.0%
Title 59 Tort Claims	41	2.4%
Verbal Threshold	184	10.7%
Other	207	10.7%

11. Number of Parties:

Two	1110	64.8%
Three	395	23.1%
Four or More	207	12.1%

12. Check if the case included any of the following:

Counterclaims	113	28.5%
Third Party Claims	114	28.8%
Crossclaims	243	61.4%

13. Number of Arbitrators:

One	1247	72.8%
Two	465	27.2%

14. Arbitration Award:

No Cause	68	4.0%
Dollar amount award	1604	93.7%
Other	40	2.3%

15. With regard to the percentage of liability, the arbitration award was against: (check all that apply)

One defendant only	1366	79.8%
More than one defendant	291	17.0%
Third party defendant(s)	17	1.0%
Plaintiff (no cause)	75	4.4%

16. Did a judge schedule or hold a settlement conference in this case?

Yes	851	50.6%
No	836	49.7%

17. Were there settlement negotiations prior to arbitration?

Yes	547	32.0%
No	1165	68.0%

18. Was liability allocated?

Yes	1027	60.5%
No	671	39.5%

19. If liability was allocated, was it

Between plaintiff and defendant	829	64.0%
Between or among defendants	466	36.0%

20. Did the case settle?

Yes	1510	89.4%
No	180	10.7%

21. If the case settled, (check what applies)

Before the day of trial	1138	70.7%
On day of trial	272	16.9%
After trial began	48	3.0%
Other	155	9.6%

22. Did the case settle:

Before the settlement conference	710	44.1%
Between settlement conference and day of trial	545	33.9%
At the settlement conference	362	22.5%

23. The settlement amount was:

Less than the arbitration award by more than 50%	318	20.6%
Less than the arbitration award by 41-50%	125	8.1%
Less than the arbitration award by 31-40%	146	9.5%
Less than the arbitration award by 21-30%	190	12.3%
Less than the arbitration award by 11-20%	198	12.8%
Less than the arbitration award by 0-10%	150	9.7%
The same as the arbitration award	144	9.3%
Greater than the arbitration award by more than 0-10%	45	2.9%

Greater than the arbitration award by 11-20%	42	2.7%
Greater than the arbitration award by 21-30%	33	2.1%
Greater than the arbitration award by 31-40%	26	1.7%
Greater than the arbitration award by 41-50%	22	1.4%
Greater than the arbitration award by more than 50%	104	6.7%

Overall Impact of Program

Arbitration continues to enhance access to justice by providing many litigants with meritorious claims an informal and effective opportunity for a comparable “day in court,” *i.e.*, providing the opportunity for a decision to be rendered on the merits of their cases without judicial intervention.

Every year since the inception of arbitration in New Jersey, the volume of higher-value and more complex cases handled through the program has increased. In addition, the statewide arbitration program was expanded in 2000 to include other types of cases such as book accounts. As indicated in the previous section, “Resolution of Arbitrated Cases Questionnaire,” participants who requested trial *de novo* gave generally good evaluations to the program, with respondents stating that arbitration helped settle the case (38%), settled some of the issues (15.2%), clarified positions (17.2%) and moved the case significantly towards settlement (12.2%). Only 11.2 percent felt arbitration was an impediment to settlement while 29.5 percent stated that arbitration had no impact on the case. Additionally, a significant percentage, 59.5 percent, reported that the arbitrator’s award was “about right” with only 10.7 percent finding that the award was too little or much too little and another 29.7 percent finding that the award was too large or much too large.

Implementation of Recommendations for Program Enhancement

The first annual statewide arbitration conference was held May 29, 2003. It

was planned and organized by the Supreme Court's Arbitration Advisory Committee, with the support of the Administrative Director of the Courts and the Conference of Civil Presiding Judges. The purpose of the conference was to promote greater statewide uniformity in the operation of the court-annexed arbitration programs and to provide a forum to identify ways to further enhance these valuable programs. Invitees included the Civil Presiding Judges, Civil Division Managers, Arbitration Administrators, Chairs of County Arbitration Selection Committees, Chairs of County Bar Civil Practice Committees, the President and Executive Director of the New Jersey State Bar Association, representatives from various specialty bars and the Association of Trial Lawyers of America – New Jersey (ATLA-NJ) and Trial Attorneys of New Jersey (TANJ) and representatives from major insurance carriers who participate in the arbitration process. A total of 124 individuals attended the conference.

Based upon feedback from the conference, the committee prepared a report setting forth 19 recommendations to improve the operation of the statewide arbitration programs. The recommendations included a number of changes calculated to improve the arbitration program. All of the recommendations have been implemented. Some of these are:

- Requiring all serving as arbitrators to complete at least three hours of threshold training in order to become an arbitrator as well as two hours of continuing training every two years.
- Ensuring that arbitrators conduct hearings uniformly and in accordance with the approved arbitrators' procedures manual. Each Civil Presiding Judge should enforce this.
- Providing that the Judiciary shall host a biennial statewide conference to promote uniformity, discuss issues and develop a closer rapport with the state, county and specialty bars and the insurance community, and directing the Supreme Court Arbitration Advisory Committee to meet

annually with arbitration staff and the local arbitration committee chairs.

- Permitting counties the option of using single arbitrators or two-person arbitrator panels. Two-person panels will receive compensation at the rate of \$450 per day, to be split evenly.
- Authorizing the committee to meet with insurance carriers in an effort to improve the program from their perspectives.
- Reminding each county bench/bar arbitration committee to meet at least annually to review completed evaluation forms, deal with problems and work proactively to enhance the program.
- Assuring that arbitrators write brief findings of fact and conclusions of law, call the case on what they have before them, and put the lack of a defense report or other lack of preparation in the statement of reasons in the report and award.
- Reminding counties to use block-scheduling by insurance carrier with adjustors attending the hearings.
- Clarifying the appropriate use of settlement at arbitration.

Since Oct. 2004, arbitrators have been completing the required training and continuing education through attendance at an approved course given by the New Jersey Institute for Continuing Legal Education (ICLE) and by those hosted by the Judiciary.

A second statewide conference was held in Oct. 2005, and many additional suggestions for further improvement were discussed. These and others were reviewed by the committee at subsequent meetings. In Sept. 2005, the committee hosted a meeting with representatives of the major insurance carriers and self-insured entities. It is notable that the carrier representatives indicated that they do not view the trial *de novo* request rate as a relevant measure of the program's success or failure. The trial rate is more meaningful assuming that the arbitrators handle cases in accordance with

their training. The consensus was that arbitration is a valuable program that provides a vehicle for the settlement of most cases.

A third statewide conference was held in June 2007. The emphasis of this conference was placed on reinforcement of the proper procedure for and conduct of an arbitration proceeding. The interactive approach taken at the conference resulted in a positive exchange of ideas and suggestions, some of which were used in the subsequent statewide rollout of the mandatory two-hour continuing education program presented to all arbitrators later in the year.

The continuing education program included a video developed by the Arbitration Advisory Committee consisting of a series of vignettes depicting situations that may occur during an arbitration session. Interactive in nature, its purpose was to encourage discussion of common issues and to reinforce proper procedures within the context of an arbitration proceeding. From November 2007 through November 2008, a total of 22 training programs were offered statewide. Within that timeframe, 1,193 arbitrators attended and completed the training program, thus satisfying their continuing education requirement.

Based on the success of the first video, the Arbitration Advisory Committee developed a second training video in 2009. Similar in format to the first video, the second video consists of a series of vignettes portraying common occurrences that may arise during an arbitration session. Training sessions began in November 2009 and have continued in 2010.

Funding

The statewide automobile arbitration program had been funded for fiscal years 1985 through 1989 by legislative appropriations of \$1.1 million each year and by trial *de novo* revenues received from the program's operation. In fiscal year 1990, the legislative appropriation was reduced to \$600,000 and in fiscal years 1991, 1992 and 1993, it was reduced to \$350,000 annually. Starting in fiscal year 1994, there was no

legislature appropriation. Since that time, arbitrator fees and a portion of the other program expenses have been funded by trial *de novo* revenues.

Conclusion

New Jersey's automobile arbitration program was carefully crafted in response to a legislative mandate. Its day-to-day operations are overseen by state and county administrators; its governing policies are reviewed by the Supreme Court Arbitration Advisory Committee.

During the course of the program's life, ongoing efforts have been made, and continue to be made, to improve its operations. For example:

- The Supreme Court Arbitration Advisory Committee produced a training program, including a video, to emphasize the importance of attorney preparation for arbitration hearings.
- Effective Sept. 1, 2004, every individual serving as an arbitrator must complete a three-hour baseline training program and two hours of continuing education every two years thereafter. *A Procedures Manual for Arbitrators in the Civil Arbitration Program*, a training videotape and Arbitrators' Resource Binder have also been developed. In 2003, Standards of Conduct for arbitrators were approved by the Supreme Court. The manual, *Standards of Conduct*, video, resource binder and training, all of which have been well-received, are further enhancing the operation of the program by supplementing the experience of the arbitrators and fostering uniformity in handling the various issues that may arise during arbitration hearings.
- The Arbitration Advisory Committee developed training videos in 2007 and in 2010 that are used statewide to satisfy the two-hour continuing education requirement. Crafted as a series of vignettes, the training videos promoted interactive discussion of common issues arising in the course of an arbitration session while reinforcing critical practices and procedures. New training

curriculum and videos are developed every two years.

- A certificate program for arbitrators was established in 1990 as an incentive for qualified attorneys to serve in the program. In order to receive a certificate, an arbitrator must serve in a county's arbitration program on at least 10 separate hearing dates.
- A Committee of Arbitration Administrators from all 21 counties was established to promote the exchange of ideas and to provide a forum for the discussion of common problems and the development of ways to enhance the administration and operation of the program. In 1994, the Committee produced a training video to ensure the use of uniform, optimum procedures statewide. In 1998, the Committee completed a standard operating procedures manual. This manual has been approved for standardized, statewide use and is regularly updated.
- There has been considerable work accomplished in the improvement of arbitration facilities. For instance, significant enhancements have been made to arbitration facilities in Bergen, Somerset, Cumberland, Ocean, Burlington, Hudson, Mercer, Monmouth, Gloucester, Essex, Union and Passaic counties.
- The Supreme Court Advisory Committee's request to require attorneys who filed for trial *de novo* complete the *Resolution of Arbitrated Cases Questionnaire* was granted by the Judicial Council. Since Jan. 2010, the Advisory Committee has collected the data to track the impact that arbitration had on settling these cases. The Advisory Committee will continue to monitor the survey and report on the survey's findings.

All of these improvements are intended to enhance the level of service the arbitration program provides to litigants, attorneys and the justice system.

APPENDIX A

AUTOMOBILE ARBITRATION STATUTE

39:6A-24. Purpose and intent of act

The purpose and intent of this act is to establish an informal system of settling tort claims arising out of automobile accidents in an expeditious and least costly manner, and to ease the burden and congestion of the State's courts.

39:6A-25. Actions to be submitted to arbitration

a. Any cause of action filed in the Superior Court after the operative date of this act, for the recovery of noneconomic loss, as defined in section 2 of P.L.1972, c. 70 (C. 39:6A-2), or the recovery of uncompensated economic loss, other than for damages to property, arising out of the operation, ownership, maintenance or use of an automobile, as defined in that section 2, shall be submitted, except as hereinafter provided, to arbitration by the assignment judge of the court in which the action is filed, if the court determines that the amount in controversy is \$15,000.00 or less, exclusive of interest and costs; provided that if the action is for recovery for both noneconomic and economic loss, the controversy shall be submitted to arbitration if the court determines that the amount in controversy for noneconomic loss is \$15,000.00 or less, exclusive of interest and costs.

b. Notwithstanding that the amount in controversy of an action for noneconomic loss is in excess of \$15,000.00, the court may refer the matter to arbitration, if all of the parties to the action consent in writing to arbitration and the court determines that the controversy does not involve novel legal or unduly complex factual issues.

No cause of action determined by the court to be, upon proper motion of any party to the controversy, frivolous, insubstantial or without actionable cause shall be submitted to arbitration.

The provisions of this section shall not apply to any controversy on which an arbitration decision was rendered prior to the filing of the action.

The provisions of this section shall apply to any cause of action, subject to this section, filed prior to the operative date of this act, if a pretrial conference has not been concluded thereon

39:6A-26. Tolling statute of limitations

Submission of a controversy to arbitration shall toll the statute of limitations for filing an action until the filing of the arbitration decision in accordance with section 7 of this act.

39:6A-27. Selection of arbitrators

a. The number or selection of arbitrators may be stipulated by mutual consent of all of

the parties to the action, which stipulation shall be made in writing prior to or at the time notice is given that the controversy is to be submitted to arbitration. The assignment judge shall approve the arbitrators agreed to by the parties, whether or not the designated arbitrators satisfy the requirements of subsection b. of this section, upon a finding that the designees are qualified and their serving would not prejudice the interest of any of the parties.

b. If the parties fail to stipulate the number or names of the arbitrators, the arbitrators shall be selected, in accordance with the Rules of Court adopted by the Supreme Court of New Jersey, from a list of arbitrators compiled by the assignment judge, to be comprised of retired judges and qualified attorneys in this State with at least seven years' negligence experience and recommended by the county or State Bar Association.

39:6A-28. Compensation and fees; rules governing offers of judgment

Compensation for arbitrators shall be set by the Rules of the Supreme Court of New Jersey. The Supreme Court may also establish a schedule of fees for attorneys representing the parties to the dispute and for witnesses in arbitration proceedings. Attorney's fees may exceed these limits upon application made to the assignment judge in accordance with the Rules of the Court for the purpose of determining a reasonable fee in the light of all the circumstances.

The Supreme Court may adopt rules governing offers of judgment by the claimant or defendant prior to the start of arbitration, including the assessment of the costs of arbitration proceedings and attorney's fees, where an offer is made but refused by the other party to the controversy.

39:6A-29. Subpoenas

The arbitrators may, at their initiative or at the request of any party to the arbitration, issue subpoenas for the attendance of witnesses and the production of books, records, documents and other evidence. Subpoenas shall be served and shall be enforceable in the manner provided by law.

39:6A-30. Award; decision of arbitrator

Notwithstanding that a controversy was submitted pursuant to subsection a. of section 2 of this act, the arbitration award for noneconomic loss may exceed \$15,000.00. The arbitration decision shall be in writing, and shall set forth the issues in controversy, and the arbitrators' findings and conclusions of law and fact.

39:6A-31. Confirming arbitration decision

Unless one of the parties to the arbitration petitions the court, within 30 days of the filing of the arbitration decision with the court: a. for a trial de novo, or b. for the modification or vacation of the arbitration decision for any of the reasons set forth in chapter 24 of Title 2A of the New Jersey Statutes, or an error of law or factual inconsistencies in the arbitration findings, the court shall, upon motion of any of the parties, confirm the arbitration

decision, and the action of the court shall have the same effect and be enforceable as a judgment in any other action.

39:6A-32. Arbitrators fee; payment

Except in the case of an arbitration decision vacated by the court or offers of judgment made pursuant to court rules, the party petitioning the court for a trial de novo shall pay to the court a trial de novo fee in an amount established pursuant to the Rules of Court, which shall be utilized by the judiciary to pay the costs of arbitration including the fees of the arbitrators.

39:6A-33. Admissibility of evidence at trial de novo

No statements, admissions or testimony made at the arbitration proceedings, nor the arbitration decision, as confirmed or modified by the court, shall be used or referred to at the trial de novo by any of the parties, except that the court may consider any of those matters in determining the amount of any reduction in assessments made pursuant to section 11 of this act.

39:6A-34. Assessment of costs for trial de novo

The party having filed for a trial de novo shall be assessed court costs and other reasonable costs of the other party to the judicial proceeding, including attorney's fees, investigation expenses and expenses for expert or other testimony or evidence, which amount shall be, if the party assessed the costs is the one to whom the award is made, offset against any damages awarded to that party by the court, and only to that extent; except that if the judgment is more favorable to the party having filed for a trial de novo, the court may reduce or eliminate the amount of the assessment in accordance with the extent to which the decision of the court is more favorable to that party than the arbitration decision, and as best serves the interest of justice. The court may waive an assessment of costs required by this section upon a finding that the imposition of costs would create a substantial economic hardship as not to be in the interest of justice.

39:6A-35. Rules; report

The Supreme Court of New Jersey shall adopt Rules of Court appropriate or necessary to effectuate the purpose of this act. The Administrative Office of the Courts shall not later than March 1 of each year file with the Governor and Legislature a report on the impact of the implementation of this act on automobile insurance settlement practices and costs, and on court calendars and workload.

APPENDIX B

COURT RULES

RULE 1:40-2. Modes and Definitions of Complementary Dispute Resolution

Complementary Dispute Resolution Programs (CDR) conducted under judicial supervision in accordance with these rules, as well as guidelines and directives of the Supreme Court, and the persons who provide the services to these programs are as follows:

(a) "Adjudicative Processes" means and includes the following:

(1) Arbitration: A process by which each party and/or its counsel presents its case to a neutral third party, who then renders a specific award. The parties may stipulate in advance of the arbitration that the award shall be binding. If not so stipulated, the provisions of Rule 4:21A-6 (Entry of Judgment; Trial De Novo) shall be applicable.

(2) Settlement Proceedings. A process by which the parties appear before a neutral third party or panel of such neutrals, who assists them in attempting to resolve their dispute by voluntary agreement.

(3) Summary Jury Trial. A process by which the parties present summaries of their respective positions to a panel of jurors, which may then issue a non-binding advisory opinion as to liability, damages, or both.

(b) "Evaluative Processes" means and includes the following:

(1) Early Neutral Evaluation (ENE). A pre-discovery process by which the attorneys, in the presence of their respective clients, present their factual and legal contentions to a neutral evaluator, who then provides an assessment of the strengths and weaknesses of each position and, if settlement does not ensue, assists in narrowing the dispute and proposing discovery guidelines.

(2) Neutral Fact Finding. A process by which a neutral, agreed upon by the parties, investigates and analyzes a dispute involving complex or technical issues, and who then makes non-binding findings and recommendations.

(c) "Facilitative Process" means and includes mediation, which is a process by which a mediator facilitates communication between parties in an effort to promote settlement without imposition of the mediator's own judgment regarding the issues in dispute.

(d) "Hybrid Process" means and includes:

(1) Mediation-arbitration. A process by which, after an initial mediation, unresolved issues are then arbitrated.

(2) Mini-trial. A process by which the parties present their legal and factual conditions to either a panel of representatives selected by each party, or a neutral third party, or both, in an effort to define the issues in dispute and to assist settlement negotiations. A neutral third party may issue an advisory opinion, which shall not, however, be binding, unless the parties have so stipulated in writing in advance.

(e) "Other CDR Programs" means and includes any other method or technique of complementary dispute resolution permitted by guideline or directive of the Supreme Court.

(f) "Neutral". A "neutral" is an individual who provides a CDR process. A "qualified neutral" is an individual included on any roster of neutrals maintained by the Administrative Office of the Courts or an Assignment Judge. Neutral evaluators, neutral fact finders, and settlement program panelists are not required to comply with the training requirements of Rule 1:40-12 or to be on any roster of neutrals maintained by the Administrative Office of the Courts or an Assignment Judge.

1:40-12. Mediators and Arbitrators in Court-Annexed Programs

(a) Mediator Qualifications.

(1) Generally. Unless otherwise specified by these rules, no special occupational status or educational degree is required for mediator service and mediation training. An applicant for listing on a roster of mediators maintained by either the Administrative Office of the Courts or the Assignment Judge shall, however, certify to good professional standing. An applicant whose professional license has been revoked shall not be placed on the roster, or if already on the roster shall be removed therefrom.

(2) Custody and Parenting Time Mediators. The Assignment Judge, upon recommendation of the Presiding Judge of the Family Part, may approve persons or agencies to provide mediation services in custody and parenting time disputes if the mediator meets the following minimum qualifications: (A) a graduate degree or certification of advanced training in a behavioral or social science; (B) training in mediation techniques and practice as prescribed by these rules; and

(3) Civil, General Equity, and Probate Action Mediators. Mediator applicants for civil, general equity, and probate actions shall have at least five years of professional experience in the field of their expertise, as well as either an advanced degree or an undergraduate degree, coupled in both cases with mediation experience. For purposes of this rule, an advanced degree means a juris doctor or equivalent; an advanced degree in business, finance, or accounting, an advanced degree in the field of expertise in which the applicant will practice mediation, for example, engineering, architecture, or mental health; or state licensure in the field of expertise, for example, certified public accountant, architect, or engineer. For purposes of this rule, mediation experience which, together with an advanced degree, will qualify an applicant means evidence of successful mediation of a minimum of two cases within the last year, provided however that mediation experience is waived if mediation training was completed within the last five years. For purposes of this rule, mediation experience which, together with an undergraduate degree, will qualify an applicant means evidence of successful mediation of a minimum of ten cases involving subject matter otherwise cognizable in the Superior Court within the last five years.

(4) Special Civil Part Mediators/Settlers. In addition to qualified neutrals on the civil roster, those judicial law clerks, court staff, and volunteers who have completed a course of mediation training approved by the Administrative Office of the Courts may mediate/settle Small Claims actions. In the discretion of the Assignment Judge, such persons may also mediate/settle landlord-tenant disputes and other Special Civil Part actions, provided that they complete additional substantive and procedural training in landlord-tenant law of at least three and one-half hours for law clerks and attorneys and at least seven hours for all others, with such training to be approved by the Administrative Office of the Courts.

(5) Municipal Court Mediators. Municipal Court mediators shall be approved for that position by the Assignment Judge for the vicinage in which they intend to serve on recommendation of the Municipal Court judge, stating the applicant's qualifications. In considering the recommendation, the Assignment Judge shall review the applicant's general background, suitability for service as a mediator, and any mediation training the applicant may have completed.

(b) Mediator Training Requirements

(1) General Provisions. Unless waived pursuant to subparagraph (2), all persons serving as mediators shall have completed the basic dispute resolution training course as prescribed by these rules and approved by the Administrative Office of the Courts. Volunteer mediators in the Special Civil Part and Municipal Court mediators shall have completed 18 classroom hours of basic mediation skills complying with the requirements of subparagraph (4) of this rule. Mediators on the civil, general equity, and probate roster of the Superior Court shall have completed 18 classroom hours of basic mediation skills complying with the requirements of subparagraph (4) of this rule and at least five hours being mentored by an experienced mediator on the roster in accordance with guidelines promulgated by the Administrative Office of the Courts in at least two cases in the Superior Court. Individuals may obtain a waiver of the mentoring requirement from the Administrative Office of the Courts on the successful demonstration that they have previously served as a mediator in at least five cases under R. 1:40-4 or comparable mediation program or have satisfactorily completed at least 10 hours in an approved advanced mediation course. Family Part mediators shall have completed a 40 hour training program complying with the requirements of subparagraph (5) of this rule; and judicial law clerks shall have successfully completed 12 classroom hours of basic mediation skills complying with the requirements of subparagraph (6) of this rule.

(2) Consideration of Prior Training. The Administrative Office of the Courts or the Assignment Judge, as appropriate, may waive these basic training requirements for mediators already serving prior to the effective date of this rule upon a determination that the mediator is qualified to continue to serve by reason of background, training, relevant educational and professional experience, and any other relevant factor.

(3) Continuing Training. Commencing in the year following the completion of the basic training course or the waiver thereof, all mediators shall annually attend four hours of continuing education and shall file with the Administrative Office of the Courts or the Assignment Judge, as appropriate, an annual certification of compliance. To meet the requirement, this continuing education should cover at least one

of the following: (A) reinforcing and enhancing mediation and negotiation concepts and skills, (B) ethical issues associated with mediation practice, or (C) other professional matters related to mediation. Mediators who have been approved to serve as mentors under subsection (b)(1) of this Rule may apply the time spent mentoring to satisfy this requirement.

(4) Mediation Course Content -- Basic Skills. The 18-hour classroom course in basic mediation skills shall, by lectures, demonstrations, exercises and role plays, teach the skills necessary for mediation practice, including but not limited to conflict management, communication and negotiation skills, the mediation process, and addressing problems encountered in mediation.

(5) Mediation Course Content -- Family Part Actions. The 40-hour classroom course for family action mediators shall include basic mediation skills as well as at least 22 hours of specialized family mediation training, which should cover family and child development, family law, divorce procedures, family finances, and community resources. In special circumstances and at the request of the Assignment Judge, the Administrative Office of the Courts may temporarily approve for a one-year period an applicant who has not yet completed the specialized family mediation training, provided the applicant has at least three years of experience as a mediator or a combination of mediation experience and service in the Family Part, has co-mediated in a CDR program with an experienced family mediator, and certifies to the intention to complete the specialized training within one year following the temporary approval.

(6) Training Requirements for Judicial Law Clerks. Judicial law clerks serving as mediators shall first have completed either a 12-hour training course prescribed by the Administrative Office of the Courts, an approved course conducted by another institution or agency, or other comparable training. Proof of completion of any training other than the prescribed 12-hour course shall be submitted to the Administrative Office of the Courts for a determination of suitability. The Administrative Office of the Courts shall work with other institutions and agencies to encourage their provision of judicial law clerk mediation training and shall either approve or evaluate that training.

(7) Co-mediation; mentoring; training evaluation. In order to reinforce mediator training, the vicinage CDR coordinator shall, insofar as practical and for a reasonable period following initial training, assign any new mediator who is either an employee or a volunteer to co-mediate with an experienced mediator and shall assign an experienced mediator to mentor a new mediator. Using evaluation forms prescribed by the Administrative Office of the Courts, the vicinage CDR coordinator shall also evaluate the training needs of each new mediator during the first year of the mediator's qualifications and shall periodically assess the training needs of all mediators.

(c) Arbitrator Qualification and Training. Arbitrators serving in judicial arbitration programs shall have the minimum qualifications prescribed by Rule 4:21A-2 and must be annually recommended for inclusion on the approved roster by the local arbitrator selection committee and approved by the Assignment Judge or designee. All arbitrators shall attend initial training of at least three classroom hours and continuing training every two years of at least two hours in courses approved by the Administrative Office of the Courts.

(1) Arbitration Course Content - Initial Training. The three-hour classroom course shall teach the

skills necessary for arbitration, including applicable statutes, court rules and administrative directives and policies, the standards of conduct, applicable uniform procedures as reflected in the approved procedures manual and other relevant information.

(2) Arbitration Course Content - Continuing Training. The two-hour biannual training course should cover at least one of the following: (a) reinforcing and enhancing relevant arbitration skills and procedures, (b) ethical issues associated with arbitration, or (c) other matters related to court-annexed arbitration.

(d) Training Program Evaluation. The Administrative Office of the Courts shall conduct periodic assessments and evaluations of the CDR training programs to ensure their continued effectiveness and to identify any needed improvements.

4:21A-1. Actions Subject to Arbitration; Notice and Scheduling of Arbitration

(a) Mandatory Arbitration. Arbitration pursuant to this rule is mandatory for applicable cases on Tracks I, II, and III, as set forth in paragraphs (1), (2), and (3) below, and only as required by the managing judge for cases on Track IV, except that cases having undergone a prior, unsuccessful court-ordered mediation shall not be scheduled for arbitration unless the court finds good cause for the matter to be arbitrated or unless all parties request arbitration.

(1) Automobile Negligence Actions. All tort actions arising out of the operation, ownership, maintenance or use of an automobile shall be submitted to arbitration in accordance with these rules.

(2) Other Personal Injury Actions. Except for professional malpractice and products liability actions, all actions for personal injury not arising out of the operation, ownership, maintenance or use of an automobile shall be submitted to arbitration in accordance with these rules.

(3) Other Non-Personal Injury Actions. All actions on a book account or instrument of obligation, all personal injury protection claims against plaintiff's insurer, and all other contract and commercial actions that have been screened and identified as appropriate for arbitration shall be submitted to arbitration in accordance with these rules.

(b) Voluntary Arbitration. Any action not subject to mandatory arbitration pursuant to subsections (1), (2), or (3) of paragraph (a) of this rule may be submitted to arbitration on written stipulation of all parties filed with the civil division manager.

(c) Removal From Arbitration. An action assigned to arbitration may be removed therefrom as follows:

(1) Prior to the notice of the scheduling of the case for arbitration or within 15 days thereafter, the case may be removed from arbitration upon submission to the arbitration administrator of a certification stating with specificity that the controversy involves novel legal or unusually complex factual issues or is

otherwise ineligible for arbitration pursuant to paragraph (a). A copy of this certification must be provided to all other parties. A party who objects to removal shall so notify the arbitration administrator within ten days after the receipt of the certification, and the matter will then be referred to a judge for determination. The arbitration administrator shall, however, remove the case from arbitration if no objection is made and the reasons for removal certified to are sufficient.

(2) If either party seeks to remove a case from arbitration subsequent to 15 days after the notice of hearing, a formal motion must be made to the Civil Presiding Judge or designee.

(d) Notice of Arbitration; Scheduling; Adjournment. The notice to the parties that the action has been assigned to arbitration shall also specify the time and place of the arbitration hearing and its date, which shall not be earlier than 45 days following the date of the notice. Unless the parties otherwise consent in writing, the hearing shall not be scheduled for a date prior to the end of the applicable discovery period, including any extension thereof. The hearing shall take place, however, no later than 60 days following the expiration of that period, including any extension. Adjournments of the scheduled date shall be permitted only as provided by R. 4:36-3(b).

(e) Pretrial Discovery. The assignment of an action for arbitration shall not affect a party's opportunity to engage in pretrial discovery nor an attorney's professional obligation to do so.

4:21A-2. Qualification, Selection, Assignment and Compensation of Arbitrators

(a) By Stipulation. All parties to the action may stipulate in writing to the number and names of the arbitrators. The stipulation shall be filed with the civil division manager within 14 days after the date of the notice of arbitration. The stipulated arbitrators shall be subject to the approval of the Assignment Judge and may be approved whether or not they met the requirements of paragraph (b) of this rule if the Assignment Judge is satisfied that they are otherwise qualified and that their service would not prejudice the interest of any of the parties.

(b) Appointment From Roster. If the parties fail to stipulate to the arbitrators pursuant to paragraph (a) of this rule, the arbitrator shall be designated by the civil division manager from the roster of arbitrators maintained by the Assignment Judge on recommendation of the arbitrator selection committee of the county bar association. Inclusion on the roster shall be limited to retired judges of any court of this State who are not on recall and attorneys admitted to practice in this State having at least seven years of experience in New Jersey in any of the substantive areas of law subject to arbitration under these rules, and who have completed the training and continuing education required by R. 1:40-12(c). The arbitrator selection committee, which shall meet at least once annually, shall be appointed by the county bar association and shall consist of one attorney regularly representing plaintiffs in each of the substantive areas of law subject to arbitration under these rules, one attorney regularly representing defendants in each of the substantive areas of law subject to arbitration under these rules, and one member of the bar who does not regularly represent either plaintiff or defendant in each of the substantive areas of law subject to arbitration under these rules. The members of the arbitrator selection committee shall be eligible for inclusion in the roster of arbitrators. The Assignment Judge shall file the roster with

the Administrative Director of the Courts. A motion to disqualify a designated arbitrator shall be made to the Assignment Judge on the date of the hearing.

(c) Number of Arbitrators. All arbitration proceedings in each vicinage in which the number and names of the arbitrators are not stipulated by the parties pursuant to paragraph (a) of this rule shall be conducted by either a single arbitrator or by a two-arbitrator panel, as determined by the Assignment Judge.

(d) Compensation of Arbitrators.

(1) Designated Arbitrators. Except as provided by subparagraph (2) hereof, a single arbitrator designated by the civil division manager, including a retired judge not on recall, shall be paid a per diem fee of \$350. Two-arbitrator panels shall be paid a total per diem fee of \$450, to be divided evenly between the panel members.

(2) Stipulated Arbitrators. Arbitrators stipulated to by the parties pursuant to R. 4:21A-2(a) shall be compensated at the rate of \$70 per hour but not exceeding a maximum of \$350 per day. If more than one stipulated arbitrator hears the matter, the fee shall be \$70 per hour but not exceeding \$450 per day, to be divided equally between or among them. The parties may, however, stipulate in writing to the payment of additional fees, such stipulation to specify the amount of the additional fees and the party or parties paying the additional fees.

4:21A-3. Settlements; Offer of Judgment

If an action is settled prior to the arbitration hearing, the attorneys shall so report to the civil division manager and an order dismissing the action shall be entered. The provisions of R. 4:58 shall not apply to arbitration proceedings.

4:21A-4. Conduct of Hearing

(a) Prehearing Submissions: At least 10 days prior to the scheduled hearing each party shall exchange a concise statement of the factual and legal issues, in the form set forth in Appendix XXII-A or XXII-B to these rules, and may exchange relevant documentary evidence. A copy of all documents exchanged shall be submitted to the arbitrator for review on the day of the hearing.

(b) Powers of Arbitrator. The arbitrator shall have the power to issue subpoenas to compel the appearance of witnesses before the panel, to compel production of relevant documentary evidence, to administer oaths and affirmations, to determine the law and facts of the case, and generally to exercise the powers of a court in the management and conduct of the hearing.

(c) Evidence. The arbitrator shall admit all relevant evidence and shall not be bound by the rules of evidence. In lieu of oral testimony, the arbitrator may accept affidavits of witnesses; interrogatories or deposition transcripts; and bills and reports of hospitals, treating medical personnel and other experts

provided the party offering the documents shall have made them available to all other parties at least one week prior to the hearing. In the discretion of the arbitrator, police reports, weather reports, wage loss certifications and other documents of generally accepted reliability may be accepted without formal proof.

(d) General Provisions for Hearing. Arbitration hearings shall be conducted in court facilities and no verbatim record shall be made thereof. Witness fees shall be paid as provided for trials in the Superior Court.

(e) Subsequent Use of Proceedings. The arbitrator's findings of fact and conclusions of law shall not be evidential in any subsequent trial de novo, nor shall any testimony given at the arbitration hearing be used for any purpose at such subsequent trial. Nor may the arbitrator be called as a witness in any such subsequent trial.

(f) Failure to Appear. An appearance on behalf of each party is required at the arbitration hearing. If the party claiming damages does not appear, that party's pleading shall be dismissed. If a party defending against a claim of damages does not appear, that party's pleading shall be stricken, the arbitration shall proceed and the non-appearing party shall be deemed to have waived the right to demand a trial de novo. Relief from any order entered pursuant to this rule shall be granted only on motion showing good cause and on such terms as the court may deem appropriate, including litigation expenses and counsel fees incurred for services directly related to the non-appearance.

4:21A-5. Arbitration Award.

No later than ten days after the completion of the arbitration hearing, the arbitrator shall file the written award with the civil division manager. The court shall provide a copy thereof to each of the parties. The award shall include a notice of the right to request a trial de novo and the consequences of such a request as provided by R. 4:21A-6.

4:21A-6. Entry of Judgment; Trial De Novo.

(a) Appealability. The decision and award of the arbitrator shall not be subject to appeal.

(b) Dismissal. An order shall be entered dismissing the action following the filing of the arbitrator's award unless:

(1) within 30 days after filing of the arbitration award, a party thereto files with the civil division manager and serves on all other parties a notice of rejection of the award and demand for a trial de novo and pays a trial de novo fee as set forth in paragraph (c) of this rule; or

(2) within 50 days after the filing of the arbitration award, the parties submit a consent order to the court detailing the terms of settlement and providing for dismissal of the action or for entry of judgment; or

(3) within 50 days after the filing of the arbitration award, any party moves for confirmation of the arbitration award and entry of judgment thereon. The judgment of confirmation shall include prejudgment interest pursuant to R. 4:42-11(b).

(c) Trial De Novo. An action in which a timely trial de novo has been demanded by any party shall be returned, as to all parties, to the trial calendar for disposition. A trial de novo shall be scheduled to occur within 90 days after the filing and service of the request therefore. A party demanding a trial de novo must tender with the trial de novo request a check payable to the "Treasurer, State of New Jersey" in the amount of \$200 towards the arbitrator's fee and may be liable to pay the reasonable costs, including attorney's fees, incurred after rejection of the award by those parties not demanding a trial de novo. Reasonable costs shall be awarded on motion supported by detailed certifications subject to the following limitations:

(1) If a monetary award has been rejected, no costs shall be awarded if the party demanding the trial de novo has obtained a verdict at least 20 percent more favorable than the award.

(2) If the rejected arbitration award denied money damages, no costs shall be awarded if the party demanding the trial de novo has obtained a verdict of at least \$250.

(3) The award of attorney's fees shall not exceed \$750 in total, nor \$250 per day.

(4) Compensation for witness costs, including expert witnesses, shall not exceed \$500.

(5) If the court in its discretion is satisfied that an award of reasonable costs will result in substantial economic hardship, it may deny an application for costs or award reduced costs.

4:21A-7. Arbitration of Minor's and Mentally Incapacitated Person's Claims

If all parties to the action accept the arbitration award disposing of the claim of a minor or mentally incapacitated person, the attorney for the guardian ad litem shall forthwith so report to the Assignment Judge and a proceeding for judicial approval of the award pursuant to R. 4:44 shall be held as expeditiously as possible.

4:21A-8. Administration

(a) Assignment Judge. The Assignment Judge or other judge designated by order of the Supreme Court shall be responsible for the vision of the arbitration programs in the vicinage, including the resolution of all issues arising there from. The Assignment Judge may delegate all or any of those powers to any Superior Court judge in the vicinage.

(b) Administrative Director of the Courts. The Administrative Director of the Courts shall promulgate such guidelines and forms as required for the implementation of the programs.

(c) Civil Division Manager. The civil division manager or designee for the vicinage shall perform all of the functions specified by these rules and shall serve as arbitration administrator to perform all required non-judicial functions implementing the arbitration programs.

APPENDIX C

AUTO ARBITRATION
JAN 2010 - DEC 2010

	Total Scheduled	Removed		Adjourned		Other		Settled Prior or During Arbitration		Total Arbitrated		De Novo Requests*		De Novo by Plaintiff		De Novo by Defendant		Actual De Novo Trials Completed	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	% of cases arbitrated
Atlantic	892	5	0.6%	262	29.4%	52	5.8%	146	16.4%	427	47.9%	363	85.0%	37	10.2%	326	89.8%	38	8.9%
Bergen	1,702	13	0.8%	401	23.6%	59	3.5%	222	13.0%	1,007	59.2%	846	84.0%	125	14.8%	721	85.2%	86	8.5%
Burlington	974	7	0.7%	513	52.7%	59	6.1%	102	10.5%	293	30.1%	244	83.3%	30	12.3%	214	87.7%	44	15.0%
Camden	1,805	8	0.4%	704	39.0%	139	7.7%	241	13.4%	713	39.5%	622	87.2%	93	15.0%	529	85.0%	90	12.6%
Cape May	74	0	0.0%	12	16.2%	8	10.8%	14	18.9%	40	54.1%	29	72.5%	7	24.1%	22	75.9%	5	12.5%
Cumberland	282	2	0.7%	133	47.2%	16	5.7%	47	16.7%	84	29.8%	67	79.8%	7	10.4%	60	89.6%	10	11.9%
Essex	2,983	11	0.4%	1,136	38.1%	353	11.8%	305	10.2%	1,178	39.5%	874	74.2%	117	13.4%	757	86.6%	76	6.5%
Gloucester	432	1	0.2%	129	29.9%	9	2.1%	84	19.4%	209	48.4%	159	76.1%	32	20.1%	127	79.9%	29	13.9%
Hunterdon	96	0	0.0%	24	25.0%	9	9.4%	13	13.5%	50	52.1%	44	88.0%	9	20.5%	35	79.5%	4	8.0%
Hudson	1,550	37	2.4%	409	26.4%	61	3.9%	256	16.5%	787	50.8%	658	83.6%	60	9.1%	598	90.9%	76	9.7%
Mercer	574	3	0.5%	197	34.3%	26	4.5%	94	16.4%	254	44.3%	208	81.9%	26	12.5%	182	87.5%	40	15.7%
Middlesex	3,244	36	1.1%	1,397	43.1%	173	5.3%	304	9.4%	1,334	41.1%	1,170	87.7%	140	12.0%	1,030	88.0%	196	14.7%
Monmouth	1,082	1	0.1%	275	25.4%	37	3.4%	174	16.1%	595	55.0%	453	76.1%	66	14.6%	387	85.4%	72	12.1%
Morris	597	2	0.3%	143	24.0%	177	29.6%	51	8.5%	224	37.5%	348	86.4%	74	21.3%	274	78.7%	40	9.9%
Ocean	896	10	1.1%	316	35.3%	57	6.4%	110	12.3%	403	45.0%	790	82.1%	86	10.9%	704	89.1%	51	5.3%
Passaic	1,483	3	0.2%	197	13.3%	112	7.6%	209	14.1%	962	64.9%	790	82.1%	86	10.9%	12	80.0%	0	0.0%
Salem	62	0	0.0%	24	38.7%	6	9.7%	10	16.1%	22	35.5%	15	68.2%	3	20.0%	92	80.0%	16	11.8%
Somerset	327	1	0.3%	125	38.2%	33	10.1%	32	9.8%	136	41.6%	115	84.6%	23	20.0%	92	80.0%	16	11.8%
Sussex	125	0	0.0%	65	52.0%	10	8.0%	11	8.8%	39	31.2%	45	115.4%	14	31.1%	31	68.9%	2	5.1%
Union	1,240	1	0.1%	432	34.8%	46	3.7%	198	16.0%	563	45.4%	459	81.5%	49	10.7%	410	89.3%	51	9.1%
Warren	88	0	0.0%	34	38.6%	10	11.4%	7	8.0%	37	42.0%	28	75.7%	3	10.7%	25	89.3%	3	8.1%
State Total	20,508	141	0.7%	6,928	33.8%	1,452	7.1%	2,630	12.8%	9,357	45.6%	7,704	82.3%	1,035	13.4%	6,669	86.6%	955	10.2%

* De Novo requests may include cases that have been arbitrated in previous years.