



Arbitrator Billing Guidelines (Commercial, Construction, Employment, and Consumer Cases)

One of the major objectives of arbitration is to reduce the costs of dispute resolution. Arbitration costs include both the administrative fees of the American Arbitration Association (AAA) and the arbitrator's fees. It is imperative that you, the arbitrators, and we, the AAA, work together to ensure that no one is precluded by cost from using the arbitration process. At the same time, both the AAA and arbitrators deserve to be fairly compensated for their time and services.

The AAA expects arbitrators to bill parties responsibly and ethically. Deviations can lead to removal from the AAA's roster.

The AAA reserves the right to refuse to process for payment arbitrator bills that deviate from these guidelines.

Non-Payment by Parties

Most AAA Rules contain provisions regarding how arbitrators can manage non-payment by parties, and you should be familiar with them so that you can act accordingly.

Every effort will be made to collect arbitrator compensation before the hearing date. If the compensation has not been deposited, you will be given the option not to go forward with the hearing.

Overview

Arbitrators should review their bills for reasonableness relative to the nature and scope of the activity performed prior to submitting them to the AAA.

Arbitrators should keep in mind the need for simplicity in their fee structure, but rates are at the complete discretion of the arbitrator in most of our case types. Additionally, each arbitrator has the complete discretion to accept or not accept any particular appointment. However, arbitrators should not, absent extraordinary circumstances, request increases in their rates during the course of a proceeding. Remember, case administrators consider the rates and fee policies of arbitrators as they develop lists for specific cases. Clients also consider arbitrator rates and fee policies as they review the lists.

All arbitrators serving on AAA cases must adhere to the Code of Ethics for Arbitrators in Commercial Disputes. Canon VII of the Code provides that, when making arrangements for compensation and reimbursement of expenses, arbitrators should "adhere to standards of integrity and fairness." Among those practices the Code identifies as tending to preserve those standards is establishing the basis for compensation prior to accepting appointment to a case. In accordance with the Code and consistent with expectations from parties, we suggest the following guidelines:

Billing Language on your Resume, Bills or Invoices

- Your fees and fee practices must be specified on your AAA Resume so that the Parties and the Staff can easily consider them.
- The language used in describing time billed, fees, and expenses in an invoice or a bill should be sufficiently

clear and detailed so that parties can easily understand what they are being billed for. An arbitrator's bill should not summarily state "for services rendered."

- All bills should contain a description of each activity performed with the specific date of service and amount of time spent on each activity. Arbitrators should expect that their invoices will be submitted to the parties.

Per Diem/Hourly Fees

- Your fees should be all inclusive. Per diem fees are expected to include a full day's hearing time (7 hours).
- No billing should be submitted for time spent discussing the case with AAA staff or for written, telephonic, faxed, and electronic communications with case management staff.
- No billing should be submitted for local travel time and expenses, personal administrative assistants or overhead such as stamps, local telephone calls, copying of materials, etc.
- If you intend to charge for any of those costs separately from your hourly or per diem fee, you must so state in the fees section of your AAA panel biography and clearly bill for them on your invoices on cases.

Study Time

- Study time must be listed as a separate fee on your panel biography. A detailed billing sheet documenting the specific activity and actual time spent should accompany the fee request on each case on which you serve. We may provide this sheet to the parties in order to support your request for payment.
- The possibility and extent of study time must also be discussed with the case administrator at the time of your appointment or following the first preliminary hearing. Parties have a right to know in advance the approximate amount of your charges, and the AAA needs to know these estimates in order to collect deposits.

Cancellation Fees

- Since most AAA arbitrators are busy practitioners, they do not charge a cancellation fee for postponements of hearing dates or cancellation because of settlement. If you require a cancellation fee, it must be listed as a separate fee on your resume, it should be for unusual circumstances, and it should require no more than 48 hours' notice. Notice of postponements or cancellations may be received from a case administrator by telephone or by e-mail. Any request for postponement or cancellation fees must be accompanied by a statement that you were unable to reschedule or make professional use of the billed time.

Expenses

- In many cases, you should incur no additional expenses, as hearings will be held locally. If you serve as an arbitrator on a case outside your locale, clarify before the hearing that reasonable, necessary air travel, hotel room accommodations and meals will be reimbursed.
- You may be required to submit receipts for your expenses, so please keep these records.
- Entertainment costs and personal expenses are not reimbursable.

Post-Award Activity

- If a request or remand by the court to modify an award is necessitated by an error on your part, you should dispose of the request or remand without additional compensation.
- If a request or remand for modification does not require a great deal of effort, such as the omission of a word in a company name, you should dispose of the request or remand without additional compensation.
- If the case in which a request or remand for modification is one in which you served for a flat fee (as in Construction Fast Track), do not charge additional sums to dispose of such requests.
- If a request or remand for modification is not the result of your error or requires significant effort on your part, then it is appropriate to be compensated for such activity. AAA will attempt to collect such compensation in advance, but that will often not be possible. Nonetheless, you should dispose of the request or remand expeditiously, even if such compensation has not been deposited in advance.

Invitations to serve on AAA cases require the execution of a *Notice of Compensation Arrangements* agreement in which Arbitrators must acknowledge that they are willing to comply with the above guidelines.