



Arbitrator Fees & Expenses

Fact Sheet

The purpose of this Fact Sheet is to provide a brief guide to arbitrator's fees and expenses on American Arbitration Association® (AAA®) matters. Please make sure to review the applicable rules and guides for additional information.

Q. How is an arbitrator's rate of compensation established?

A. Under some AAA rules, arbitrators serve at a fixed rate, which is not subject to change by the arbitrator or the parties unless there are significant changes in the nature of the case. However, on most cases the rate of compensation for hearings, study and award preparation time, preliminary hearings, etc. is established by each arbitrator and included as part of the arbitrator's biographical data.

Q. Are the parties made aware of the arbitrator's rate of compensation before the appointment is confirmed?

A. The arbitrator's compensation information is presented to the parties at the time the AAA submits lists to the parties for selection.

Q. How do arbitrators know if the rate of compensation is reasonable?

A. Generally speaking, this question is answered by the parties. Arbitrators with rates usually higher than their fellow arbitrators may be selected less frequently by the parties to serve on most standard cases. Also, it is important to keep in mind that many cases involve modest claims. Parties may be hesitant to select arbitrators with compensation rates that could ultimately exceed the amount of the claims in dispute.

Q. Is the rate of compensation confirmed with the arbitrator?

A. Yes. The arbitrator's rate is confirmed in the Notice of Compensation Arrangements that the arbitrator must sign and return to the case administrator. This Notice is then shared with the parties.

Q. Can an arbitrator's rate of compensation, as indicated on his or her biographical data, change after the parties have selected the arbitrator to serve?

A. Arbitrators are expected to bill in accordance with the statement set forth on their biographical data at the time the list is submitted to the parties. All non-customary charges should also be listed. Rates may not be changed so as to affect pending cases and arbitrators should generally not bill for any service not specifically listed in their compensation statement.

Q. How does an arbitrator get paid?

A. The arbitrator is paid by submitting an invoice to the case administrator, and payment is made from monies placed on deposit with the AAA by the parties. If there is insufficient money on deposit to cover your charges, then you will not be paid until the parties place more money on deposit. If one party has not deposited its share, then you will not be paid for the portion of your charges for which the non-paying party was responsible.

Q. What should an arbitrator do if sufficient funds have not been deposited?

- A. The rules allow an arbitrator to suspend or terminate the proceeding if the parties have not placed sufficient funds on deposit. Taking such a step disrupts the progress of a case, so please work closely with your case administrator to explore alternatives prior to suspending or terminating the proceeding.

Q. Do arbitrators bill for conference calls with parties, or only for hearing time?

- A. Conference calls with parties often serve as preliminary hearings for which the arbitrators are entitled to compensation. In order to keep the expenses of the arbitration process within reason, the AAA strongly encourages arbitrators to bill only for actual time spent in the conference call if the call lasts more than 15 minutes.

Q. Can arbitrators charge for a postponed hearing?

- A. Yes, arbitrators may charge cancellation fees, provided same are indicated on their biographical data. Where consecutive days of hearing are postponed, arbitrators are encouraged to charge for the cancellation of only one day. Note that such charges should not be a “windfall” and should only be assessed if the arbitrator could not make productive use of the time for other matters.

Q. Can arbitrators charge for the time spent reviewing the parties’ documents or for writing an award?

- A. These costs are generally referred to as “study time”. Arbitrators may charge for study time provided same is indicated on their biographical data.

Q. The rules also allow the arbitrators to charge for expenses. For what type of expenses could parties expect to be charged?

- A. Arbitrators serving out-of-town may charge for reasonable transportation expenses, at reasonable rates, which are subject to review by the AAA. This includes mileage, at the current IRS per mile rate, and parking expenses. Where an arbitrator is required to travel extensively for a hearing, the parties will be charged for the reasonable expenses incurred by the arbitrator for hotels and meals. Arbitrators serving within the same proximity as their place of business are not expected to submit expense for travel or meals.

Q. What is considered a “reasonable” expense?

- A. With limited exceptions, arbitrators are expected to fly either coach or business class. Hotel accommodations should be at the standard rate for lodging in the immediate area. Arbitrators should charge only for their own personal meals and not guest meals.

Q. Are there any expenses for which an arbitrator should not charge?

- A. Arbitrators are generally not entitled to reimbursement for the following non-customary charges:
1. Time spent talking about the case with AAA administrators;
 2. Regular postage (not including express delivery services);
 3. Cleaning bills;
 4. Telephone calls not case-related;
 5. Computer usage;
 6. Secretarial services;
 7. Rating and reproductions; and,
 8. Entertainment.

Q. Must arbitrators retain receipts for all expenses?

- A. Yes. A summary of all expenses, together with receipts for same, should be submitted by the arbitrator to the case administrator.

- Q. Who should I contact if I have questions regarding arbitrator's compensation and expenses or any other general questions about the process?**
- A.** Contact the case administrator assigned to your case. The case administrator has the most knowledge about every aspect of your case and is there to assist you throughout the process.