



Costs of Arbitration

This video is being provided for informational and educational purposes only, and is not intended to provide legal advice. You may wish to consult an attorney before using the information in this presentation.

Arbitration with the American Arbitration Association® involves different costs that are paid by the parties in the case. The amount you pay for your case will depend on several things, such as:

- what the contract you have with the other side says about who pays what;
- the American Arbitration Association rules that apply to your case;
- how much money or what you are asking for in your case;
- how fast the parties move the case forward; and
- the arbitrator's hourly or daily rate.

All of our rules are available at www.adr.org/rules.

This guide will provide a general outline of arbitration costs for most AAA® cases, but please read the rules that apply to your case and feel free to e-mail your case administrator with any questions about the costs specific to your case. This guide will not go over refunds or cancellation fees, so please review the rules that apply to your case for that information.

Two Types of Costs

There are two main types of costs in arbitration — administrative fees paid to the American Arbitration Association, and arbitrator compensation and expenses paid to the arbitrator who decides the case. Both of these costs are initially collected by the AAA and the AAA then sends the arbitrator compensation and expenses directly to the arbitrator.

Administrative Fees

Administrative fees include filing fees and final/hearing fees. Filing fees are paid when a party files a claim against the other party. In some rules, filing fees are a fixed amount. In other rules, the filing fee is based on the amount of money requested in the claim.

Final/Hearing fees are paid for cases that proceed to an evidentiary hearing, and are payable in advance at the time the first hearing is scheduled. This hearing is where the parties meet in-person or on the telephone to present their case to the arbitrator. If you have a documents-only arbitration, you will not have to pay this fee.



Arbitrator Compensation

The arbitrator is a neutral person selected to decide your case. He or she does not work for AAA. Instead, they receive payment from the parties for handling the case. The amount of compensation the arbitrator receives depends on how much work she or he has to do on the case.

The arbitrator is paid based on a rate of compensation. Depending on the rules and case, this rate may be set in the applicable fee schedule or by the arbitrator. The rate might be per hour, per day, or per hearing.

Parties submit arbitrator compensation to the AAA ahead of time so that the arbitrator is paid for all work she or he does on the case. The AAA then sends the compensation to the arbitrator. If the case ends before all the money is used, the AAA refunds it to the parties who paid it.

Don't be afraid to ask your case administrator if you have questions about arbitrator compensation on your case.

Arbitrator Expenses

Arbitrators do not have expenses in most cases, but when arbitrators have to travel longer distances to attend hearings, the parties may have to pay for the arbitrator's travel time, hotel, meals, plane ticket and other expenses.

Once the arbitrator has paid or is required to pay an expense, the parties must pay this amount and it is non-refundable.

Other Costs of Arbitration

Other costs of arbitration may include hearing room rental fees, abeyance fees, and the costs a party will need to spend to prepare and present their case in arbitration.

Fees for hearing rooms vary greatly depending on size and location. If you want to rent an AAA hearing room, please let your case administrator know. Parties are free to use non-AAA hearing rooms, but would have to make those arrangements separately.

Abeyance fees are charged by the AAA when the parties put a case on hold for more than a year. If the fee is not paid, the case is closed.

Each party will have costs to conduct their case in arbitration just as they would in court. These costs might include attorneys' fees, costs for expert witnesses, costs to have witnesses travel to the arbitration, costs for copying and presenting exhibits, etc. The parties each pay their own costs to conduct their case.



Recovering Costs in the Award

Parties will likely not encounter all of the above costs on every case, and the amount of these costs, and which party must pay them, is different depending on the case and the rules that apply.

For the costs you do pay, you can request that the arbitrator award you those costs as part of his or her Final Award. This means that you are requesting the arbitrator to direct the other party to pay you back for those costs. In general, the arbitrator will consider the case, his or her authority to award costs under the parties' contract, and the applicable law to decide whether he or she should require the other party to reimburse you.

For more information visit:

www.adr.org/Rules

www.adr.org/ProSe