

SECOND REGULAR SESSION

SENATE BILL NO. 578

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR ROMINE.

Pre-filed December 1, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4868S.01I

AN ACT

To repeal sections 435.350, 435.355, and 435.440, RSMo, and to enact in lieu thereof three new sections relating to arbitration agreements between employers and at-will employees.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 435.350, 435.355, and 435.440, RSMo, are repealed
2 and three new sections enacted in lieu thereof, to be known as sections 435.350,
3 435.355, and 435.440, to read as follows:

435.350. 1. A written agreement to submit any existing controversy to
2 arbitration or a provision in a written contract, except contracts of insurance and
3 contracts of adhesion, to submit to arbitration any controversy thereafter arising
4 between the parties is valid, enforceable and irrevocable, save upon such grounds
5 as exist at law or in equity for the revocation of any contract. [Contracts which
6 warrant new homes against defects in construction and reinsurance contracts are
7 not "contracts of insurance or contracts of adhesion" for purposes of the
8 arbitration provisions of this section.]

9 **2. Except in cases where the agreement expressly and**
10 **unequivocally delegates the issue of arbitrability to the court, in**
11 **agreements between an employer and at-will employee to submit to**
12 **arbitration certain controversies thereafter arising between the**
13 **parties, the arbitrator, and not the court, shall make all initial**
14 **decisions as to arbitrability including, but not limited to, deciding**
15 **whether the parties have agreed to arbitrate, whether the agreement**
16 **is a valid and enforceable contract for arbitration, and whether specific**
17 **claims must be arbitrated pursuant to the arbitration agreement. Such**

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 arbitrator or arbitrators shall be selected by mutual agreement of the
19 parties or, in the event that an arbitrator is not mutually agreed upon,
20 through a strike and ranking process.

21 3. In deciding all arbitrability issues as described in subsection
22 2 of this section, the arbitrator shall find such agreements valid and
23 supported by adequate consideration, not illusory, and not contracts of
24 adhesion for purposes of this section where:

25 (1) The agreement requires both the employer and the employee
26 to arbitrate those disputes that are subject to arbitration as set forth
27 in the arbitration agreement;

28 (2) The employer notifies the employee, in writing, of the terms
29 of the agreement;

30 (3) The agreement complies with the provisions of this chapter,
31 including but not limited to the provisions of section 435.460;

32 (4) The employee so notified acknowledges acceptance of the
33 terms in writing and continues to be employed after the effective date
34 of the arbitration agreement;

35 (5) The agreement contains a provision that any modifications
36 to the arbitration agreement shall not:

37 (a) Apply to any claim that has accrued prior to the effective
38 date of any such modifications; or

39 (b) Allow unilateral modification of the arbitration agreement;
40 and

41 (6) The agreement requires that the arbitrator or arbitrators
42 shall be selected by mutual agreement of the parties or, in the event
43 that an arbitrator is not mutually agreed upon, through a strike and
44 ranking process.

45 4. Nothing in subsection 2 of this section shall apply to or affect
46 the enforceability of an arbitration provision contained in a collective
47 bargaining agreement.

48 5. Contracts that warrant new homes against defects in
49 construction and reinsurance contracts are not contracts of insurance
50 or contracts of adhesion for purposes of the arbitration provisions of
51 this section.

435.355. 1. On motion by a party showing an agreement described
2 in subsection 2 of section 435.350, the court shall stay any action or
3 proceeding pending before the court and order the parties to proceed

4 **to arbitration. The procedures set out in subsection 2 of this section do**
5 **not apply.**

6 **2. With respect to arbitration agreements other than those**
7 **described in subsection 2 of section 435.350, the provisions of this**
8 **subsection shall apply:**

9 **(1)** On application of a party showing an **arbitration** agreement
10 [described in section 435.350], and the opposing party's refusal to arbitrate, the
11 court shall order the parties to proceed with arbitration, but if the opposing party
12 denies the existence of the agreement to arbitrate, the court shall proceed
13 summarily to the determination of the issue so raised and shall order arbitration
14 if found for the moving party; otherwise, the application shall be denied[.];

15 **[2.] (2)** On application, the court may stay an arbitration proceeding
16 commenced or threatened on a showing that there is no agreement to
17 arbitrate. Such an issue, when in substantial and bona fide dispute, shall be
18 forthwith and summarily tried and the stay ordered if found for the moving party.
19 If found for the opposing party, the court shall order the parties to proceed to
20 arbitration[.];

21 **[3.] (3)** If an issue referable to arbitration under the alleged agreement
22 is involved in action or proceeding pending in a court having jurisdiction to hear
23 applications under [subsection 1] **subdivision (1)** of this [section] **subsection,**
24 the application shall be made therein. Otherwise and subject to section 435.435,
25 the application may be made in any court of competent jurisdiction[.];

26 **[4.] (4)** Any action or proceeding involving an issue subject to arbitration
27 shall be stayed if an order for arbitration or an application therefor has been
28 made under this section or, if the issue is severable, the stay may be with respect
29 thereto only. When the application is made in such action or proceeding, the
30 order for arbitration shall include such stay[.];

31 **[5.] (5)** An order for arbitration shall not be refused on the ground that
32 the claim in issue lacks merit or bona fides or because any fault or grounds for
33 the claim sought to be arbitrated have not been shown.

435.440. 1. An appeal may be taken from:

2 (1) An order denying an application to compel arbitration made under
3 **subdivision (1) of subsection 2** of section 435.355;

4 (2) An order granting an application to stay arbitration made under
5 **subdivision (2) of subsection 2** of section 435.355;

6 (3) An order confirming or denying confirmation of an award;

- 7 (4) An order modifying or correcting an award;
8 (5) An order vacating an award without directing a rehearing; or
9 (6) A judgment or decree entered pursuant to the provisions of sections
10 435.350 to 435.470.
11 2. The appeal shall be taken in the manner and to the same extent as
12 from orders or judgments in a civil action.

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