

FIRST REGULAR SESSION

# HOUSE BILL NO. 503

100TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE SCHROER.

1238H.011

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

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

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*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Section A. Sections 435.350, 435.355, and 435.440, RSMo, are repealed and four new  
2 sections enacted in lieu thereof, to be known as sections 435.350, 435.352, 435.355, and  
3 435.440, to read as follows:

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

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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

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

20           **(2) The employer notifies the employee, in writing, of the terms of the agreement;**

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

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

25           **(5) The agreement contains a provision that any modifications to the arbitration**  
26 **agreement shall not:**

27           **(a) Apply to any claim that has accrued prior to the effective date of any such**  
28 **modifications; or**

29           **(b) Allow unilateral modification of the arbitration agreement; and**

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

33           **4. Contracts that warrant new homes against defects in construction and**  
34 **reinsurance contracts are not contracts of insurance or contracts of adhesion for purposes**  
35 **of the arbitration provisions of this section.**

**435.352. Any clause in an arbitration agreement between an employer and an**  
2 **employee that requires arbitration proceedings, or the results thereof, to be confidential**  
3 **and nondisclosable shall not be enforceable as to claims of sexual harassment, sexual**  
4 **assault, or claims of discrimination or harassment based upon any protected status under**  
5 **federal or state law.**

**435.355. 1. On motion by a party showing an agreement described in subsection**  
2 **2 of section 435.350, the court shall stay any action or proceeding pending before the court**  
3 **and order the parties to proceed to arbitration. The procedures set out in subsection 2 of**  
4 **this section do not apply.**

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

7           **(1) On application of a party showing an arbitration agreement [described in section**  
8 **435.350], and the opposing party's refusal to arbitrate, the court shall order the parties to proceed**  
9 **with arbitration, but if the opposing party denies the existence of the agreement to arbitrate, the**

10 court shall proceed summarily to the determination of the issue so raised and shall order  
11 arbitration if found for the moving party; otherwise, the application shall be denied[-] ;

12 [2-] (2) On application, the court may stay an arbitration proceeding commenced or  
13 threatened on a showing that there is no agreement to arbitrate. Such an issue, when in  
14 substantial and bona fide dispute, shall be forthwith and summarily tried and the stay ordered if  
15 found for the moving party. If found for the opposing party, the court shall order the parties to  
16 proceed to arbitration[-] ;

17 [3-] (3) If an issue referable to arbitration under the alleged agreement is involved in  
18 action or proceeding pending in a court having jurisdiction to hear applications under [subsection  
19 +] **subdivision (1)** of this [section] **subsection**, the application shall be made therein. Otherwise  
20 and subject to section 435.435, the application may be made in any court of competent  
21 jurisdiction[-] ;

22 [4-] (4) Any action or proceeding involving an issue subject to arbitration shall be stayed  
23 if an order for arbitration or an application therefor has been made under this section or, if the  
24 issue is severable, the stay may be with respect thereto only. When the application is made in  
25 such action or proceeding, the order for arbitration shall include such stay[-] ;

26 [5-] (5) An order for arbitration shall not be refused on the ground that the claim in issue  
27 lacks merit or bona fides or because any fault or grounds for the claim sought to be arbitrated  
28 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 **subdivision (1)**  
3 **of subsection 2 of** section 435.355;

4 (2) An order granting an application to stay arbitration made under **subdivision (2) of**  
5 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 435.350 to  
10 435.470.

11 2. The appeal shall be taken in the manner and to the same extent as from orders or  
12 judgments in a civil action.

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