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**SENATE BILL NO. 227**

Offered January 14, 2026

Prefiled January 10, 2026

*A BILL to amend and reenact § 8.01-581.010 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 21 of Title 8.01 an article numbered 3, consisting of sections numbered 8.01-581.017 through 8.01-581.020, relating to arbitration; high-volume arbitration service providers; selection of arbitrator; civil penalty.*

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Patron—Surovell

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Referred to Committee for Courts of Justice

**Be it enacted by the General Assembly of Virginia:**

**1. That § 8.01-581.010 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Chapter 21 of Title 8.01 an article numbered 3, consisting of sections numbered 8.01-581.017 through 8.01-581.020, as follows:**

**§ 8.01-581.010. Vacating an award.**

Upon application of a party, the court shall vacate an award where:

1. The award was procured by corruption, fraud or other undue means;
2. There was evident partiality by an arbitrator appointed as a neutral, corruption in any of the arbitrators, or misconduct prejudicing the rights of any party;
3. The arbitrators exceeded their powers;
4. The arbitrators refused to postpone the hearing upon sufficient cause being shown therefor or refused to hear evidence material to the controversy or otherwise so conducted the hearing, contrary to the provisions of § 8.01-581.04, in such a way as to substantially prejudice the rights of a party; ~~or~~
5. There was no arbitration agreement and the issue was not adversely determined in proceedings under § 8.01-581.02 and the party did not participate in the arbitration hearing without raising the objection; *or*
6. *The award was rendered by an arbitrator selected in violation of the provisions of Article 3 (§ 8.01-017 et seq.).*

The fact that the relief was such that it could not or would not be granted by a court of law or equity is not grounds for vacating or refusing to confirm the award.

An application under this section shall be made within ~~ninety~~ 90 days after delivery of a copy of the award to the applicant, except that, if predicated upon corruption, fraud, or other undue means, it shall be made within ~~ninety~~ 90 days after such grounds are known or reasonably should have been known. An application shall be made by filing a petition with the appropriate court within the prescribed time limits of this section, or by raising reasons supporting vacation in response to another party's petition to confirm the award, provided that such response is filed within the prescribed time limits of this section.

In vacating the award on grounds other than that stated in subdivision 5, the court may order a rehearing before new arbitrators chosen as provided in the agreement, or in the absence thereof, by the court in accordance with § 8.01-581.03. If the award is vacated on grounds set forth in subdivisions 3 and 4 the court may order a rehearing before the arbitrators who made the award or their successors appointed in accordance with § 8.01-581.03. The time within which the agreement requires the award to be made is applicable to the rehearing and commences from the date of the order.

If the application to vacate is denied and no motion to modify or correct the award is pending, the court shall confirm the award.

*Article 3.  
Arbitration Fairness Act.*

**§ 8.01-581.017. Definitions.**

*As used in this article, unless the context requires a different meaning:*

*"Arbitration service provider" means any person or entity that administers, facilitates, or provides arbitration services in the Commonwealth.*

*"High-volume arbitration service provider" means any arbitration service provider that conducts more than 500 arbitrations involving Virginia-connected transactions per calendar year.*

*"Virginia-connected transaction" means any transaction, agreement, or dispute that arises out of, relates to, or is otherwise connected with activities, relationships, or events occurring within the Commonwealth.*

**§ 8.01-581.018. Arbitrator selection process; methods; prohibited practices.**

*A. No high-volume arbitration service provider shall require any party to accept or use any particular arbitrator in an arbitration proceeding involving a Virginia-connected transaction.*

*B. A high-volume arbitration service provider shall establish and maintain procedures that provide*

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parties with (i) a meaningful opportunity to agree upon an arbitrator and (ii) for cases where an agreement upon an arbitrator cannot be reached, an impartial system for arbitrator selection that ensures that (a) each party has an equal voice in the selection process, (b) neither party may unilaterally impose an arbitrator upon the other party, and (c) the selection process is transparent and fair to all parties.

C. An acceptable impartial system for arbitrator selection in accordance with subsection B shall include the following:

1. A striking method in which parties alternatively eliminate arbitrators from a list until one remains;
2. A ranking method in which parties rank arbitrators and the highest mutually ranked arbitrator is selected;
3. A random selection method in which an arbitrator is selected from a pool of arbitrators previously approved by both parties; or
4. Any other method that ensures neither party can compel the other to accept an arbitrator without meaningful input.

**§ 8.01-581.019. Reporting requirements.**

All high-volume arbitration service providers shall annually file with the State Corporation Commission a report that contains the following information:

1. The total number of arbitrations involving Virginia-connected transactions conducted in the preceding calendar year;
2. A description of the arbitration selection procedures utilized; and
3. If collected, statistical data regarding arbitrator selection outcomes and the satisfaction rates of the parties involved.

**§ 8.01-581.020. Enforcement; civil remedies.**

A. A party subjected to an arbitrator selection procedure that violates the provisions of this article may seek injunctive relief or other appropriate civil remedy in the circuit court of the city or county in which the arbitration shall be held or in the circuit court for the City of Richmond. If a hearing has been held and an award has been made pursuant to Article 2 (§ 8.01-581.01 et seq.), a party alleging that such award was determined by an arbitrator selected in violation of the provisions of this article may make an application with the court to vacate the award, and the court shall proceed in accordance with § 8.01-581.010.

B. Upon a determination that a high-volume arbitration service provider has failed to comply with the provisions of this article, the State Corporation Commission may impose a civil penalty in an amount not to exceed \$10,000 per violation.

C. Nothing in this article shall be construed to preempt federal law governing arbitration but shall be construed to be consistent with such law to the maximum extent permitted. If any provision of this section is held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

**2. That the provisions of this act shall apply to all arbitration agreements entered into on or after July 1, 2026.**