

GENERAL ASSEMBLY OF NORTH CAROLINA

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SENATE BILL 528  
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Short Title: Mediated Settlement Conferences.

(Public)

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Sponsors:

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Referred to:

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March 30, 1995

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE MEDIATED SETTLEMENT CONFERENCES IN  
CIVIL ACTIONS IN SUPERIOR COURT.

The General Assembly of North Carolina enacts:

Section 1. Chapter 7A of the General Statutes is amended by adding the following new sections to read:

**"§ 7A-38.1. Mediated settlement conferences in superior court civil actions.**

(a) Purpose. The General Assembly finds that a system of court-ordered mediated settlement conferences should be established to facilitate the settlement of superior court civil actions and to make civil litigation more economical, efficient, and satisfactory to litigants and the State. Therefore, this section is enacted to require parties to superior court civil actions and their representatives to attend a pretrial, mediated settlement conference conducted pursuant to this section and pursuant to rules of the Supreme Court adopted to implement this section.

(b) Definitions. As used in this section:

- 1           (1) 'Mediated settlement conference' means a pretrial, court-ordered  
2 conference of the parties to a civil action and their representatives  
3 conducted by a mediator.
- 4           (2) 'Mediation' means an informal process conducted by a mediator with the  
5 objective of helping parties voluntarily settle their dispute.
- 6           (3) 'Mediator' means a neutral person who acts to encourage and facilitate a  
7 resolution of a pending civil action. A mediator does not make an  
8 award or render a judgment as to the merits of the action.
- 9       (c) Rules of procedure. The Supreme Court may adopt rules to implement this  
10 section.
- 11       (d) Statewide implementation. Mediated settlement conferences authorized by this  
12 section shall be implemented in all judicial districts as soon as practicable, as determined  
13 by the Director of the Administrative Office of the Courts.
- 14       (e) Cases selected for mediated settlement conferences. The senior resident  
15 superior court judge of any participating district may order a mediated settlement  
16 conference for any superior court civil action pending in the district. The senior resident  
17 superior court judge may by local rule order all cases, not otherwise exempted by the  
18 Supreme Court rule, to mediated settlement conference.
- 19       (f) Attendance of parties. The parties to a superior court civil action in which a  
20 mediated settlement conference is ordered, their attorneys and other persons or entities  
21 with authority, by law or by contract, to settle the parties' claims shall attend the mediated  
22 settlement conference unless excused by rules of the Supreme Court or by order of the  
23 senior resident superior court judge. Nothing in this section shall require any party or  
24 other participant in the conference to make a settlement offer or demand which it deems  
25 is contrary to its best interests.
- 26       (g) Sanctions. Any person required to attend a mediated settlement conference  
27 who, without good cause, fails to attend in compliance with this section and the rules  
28 adopted under this section, shall be subject to any appropriate monetary sanction imposed  
29 by a resident or presiding superior court judge, including the payment of attorneys' fees,  
30 mediator fees, and expenses incurred in attending the conference. If the court imposes  
31 sanctions, it shall do so, after notice and a hearing, in a written order, making findings of  
32 fact and conclusions of law. An order imposing sanctions shall be reviewable upon  
33 appeal where the entire record as submitted shall be reviewed to determine whether the  
34 order is supported by substantial evidence.
- 35       (h) Selection of mediator. The parties to a superior court civil action in which a  
36 mediated settlement conference is to be held pursuant to this section shall have the right  
37 to designate a mediator. Upon failure of the parties to designate a mediator within the  
38 time established by the rules of the Supreme Court, a mediator shall be appointed by the  
39 senior resident superior court judge.
- 40       (i) Promotion of other settlement procedures. Nothing in this section is intended  
41 to preclude the use of other dispute resolution methods within the superior court. Parties  
42 to a superior court civil action are encouraged to select other available dispute resolution  
43 methods. The senior resident superior court judge, at the request of and with the consent

1 of the parties, may order the parties to attend and participate in any other settlement  
2 procedure authorized by rules of the Supreme Court or by the local superior court rules,  
3 in lieu of attending a mediated settlement conference. Neutral third parties acting  
4 pursuant to this section shall be selected and compensated in accordance with such rules  
5 or pursuant to agreement of the parties. Nothing in this section shall prohibit the parties  
6 from participating in, or the court from ordering, other dispute resolution procedures,  
7 including arbitration to the extent authorized under State or federal law.

8 (j) Immunity. Mediator and other neutrals acting pursuant to this section shall  
9 have judicial immunity in the same manner and to the same extent as a judge of the  
10 General Court of Justice, except that mediators and other neutrals may be disciplined in  
11 accordance with enforcement procedures adopted by the Supreme Court pursuant to G.S.  
12 7A-38.2.

13 (k) Costs of mediated settlement conference. Costs of mediated settlement  
14 conferences shall be borne by the parties. Unless otherwise ordered by the court or  
15 agreed to by the parties, the mediator's fees shall be paid in equal shares by the parties.  
16 For purposes of this section, multiple parties shall be considered one party when they are  
17 represented by the same counsel. The rules adopted by the Supreme Court implementing  
18 this section shall set out a method whereby parties found by the court to be unable to pay  
19 the costs of the mediated settlement conference are afforded an opportunity to participate  
20 without cost.

21 (l) Inadmissibility of negotiations. Evidence of statements made and conduct  
22 occurring in a mediated settlement conference shall not be subject to discovery and shall  
23 be inadmissible in any proceeding in the action or other actions on the same claim.  
24 However, no evidence otherwise discoverable shall be inadmissible merely because it is  
25 presented or discussed in a mediated settlement conference.

26 No mediator shall be compelled to testify or produce evidence concerning statements  
27 made and conduct occurring in a mediated settlement conference in any civil proceeding  
28 for any purpose, except proceedings for sanctions under this section, disciplinary  
29 hearings before the State Bar or any agency established to enforce standards of conduct  
30 for mediators, and proceedings to enforce laws concerning juvenile or elder abuse.

31 (m) Right to jury trial. Nothing in this section or the rules adopted by the Supreme  
32 Court implementing this section shall restrict the right to jury trial.

33 **"§ 7A-38.2. Regulation of mediators.**

34 (a) The Supreme Court is authorized to adopt standards for the certification and  
35 conduct of mediators who participate in the mediated settlement conference program  
36 established pursuant to G.S. 7A-38.1. The standards may also regulate mediator training  
37 programs. The Supreme Court may adopt procedures for the enforcement of those  
38 standards.

39 (b) The administration of mediator certification, regulation of mediator conduct,  
40 and decertification shall be conducted through the Dispute Resolution Commission,  
41 established under the Judicial Department. The rules and regulations governing the  
42 operation of the Commission shall be adopted by the Supreme Court. The Commission  
43 shall be administered under the direction and supervision of the Director of the

1 Administrative Office of the Courts. The Commission shall exercise all of its duties  
2 independently of the Director, except all management functions shall be performed under  
3 the direction and supervision of the Director.

4 (c) The Dispute Resolution Commission shall consist of nine members: two  
5 judges appointed by the Chief Justice of the Supreme Court; two mediators certified to  
6 conduct mediated settlement conferences appointed by the Chief Justice of the Supreme  
7 Court; two practicing attorneys who are not certified as mediators appointed by the  
8 President of the North Carolina State Bar; and three citizens knowledgeable about  
9 mediation, one of whom shall be appointed by the Governor, one by the Speaker of the  
10 House of Representatives, and one by the President Pro Tempore of the Senate.  
11 Members shall serve four-year terms, except that one judge, one mediator, one attorney,  
12 and the citizen member appointed by the Governor, shall be appointed for an initial term  
13 of two years. Members may serve no more than two consecutive terms. The Chief  
14 Justice shall designate one of the judge members to serve as chair for a two-year term.  
15 Members of the Commission shall be compensated pursuant to G.S. 138-5.

16 (d) An administrative fee, not to exceed two hundred dollars (\$200.00), may be  
17 charged by the Administrative Office of the Courts to applicants for certification and  
18 annual renewal of certification for mediators and mediation training programs operation  
19 under this Article. The fees collected may be used by the Director of the Administrative  
20 Office of the Courts to establish and maintain the operations of the Commission and its  
21 staff."

22 Sec. 2. G.S. 7A-38(o) reads as rewritten:

23 "(o) Report on pilot program. The Administrative Office of the Courts shall file a  
24 written report with the General Assembly on the evaluation of the pilot program on or  
25 before May 1, 1995. The pilot program shall terminate on June 30, 1995. Continuation  
26 and funding of the pilot program. Notwithstanding the above, the termination date of the  
27 pilot program is extended to October 1, 1995. The Administrative Office of the Courts is  
28 authorized to use funds available to the Judicial Department from July 1, 1995, to  
29 October 1, 1995, for the purpose of operating the program."

30 Sec. 3. Effective October 1, 1995, G.S. 7A-38 is repealed.

31 Sec. 4. Section 2 of this act is effective upon ratification. The remainder of  
32 this act becomes effective October 1, 1995, and shall apply, after the Supreme Court has  
33 adopted rules implementing this act, to all superior court civil actions filed in any county  
34 after the date this program is implemented in that county. This act also applies to all  
35 previously filed actions which are or have been specifically ordered to a mediated  
36 settlement conference by a senior resident superior court judge under G.S. 7A-38 prior to  
37 its repeal.