

May 15, 2026

The AI Arbitrator Is Here: Are You Ready? Is Your Lawyer?

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It is often said that one of the main advantages of arbitration is that it is generally faster and less costly than litigation. But arbitration can still involve significant costs and time. Two new initiatives are testing whether AI can make arbitration more efficient. In September 2025, the American Arbitration Association and its International Centre for Dispute Resolution (collectively, “AAA-ICDR”) moved into the next phase of digital dispute resolution with the launch of its “AI Arbitrator” for construction arbitration. Then, in March 2026, they announced the “Resolution Simulator” which will allow parties to obtain nonbinding assessments of potential dispute outcomes before filing an arbitration demand.

How the AI Arbitrator Works

The AI Arbitrator does not function as an autonomous judge. Instead, the platform assists with a series of procedural and analytical tasks throughout the arbitration process. According to the AAA-ICDR, the system can summarize pleadings and evidence, identify claims and defenses, generate chronologies and issue summaries, assist in legal analysis, and prepare draft awards.

Participation is voluntary, so all parties must opt in. Cases that fall outside the current scope, proceed under the traditional AAA-ICDR process.



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After the claimant uploads exhibits and legal authority, the AI Arbitrator generates editable descriptions to build a case record. The respondent then files its responsive submission, and further replies may follow. The system generates a conflict checklist based on party information, which users review and confirm. A human AAA-ICDR arbitrator is then assigned, and parties may either consent to the appointment or object.

The AI Arbitrator then produces a fully AI-generated case summary, which the parties review for accuracy and on which they may provide feedback. The human arbitrator reviews those summaries along with the parties' comments and confirms the structure for the AI to generate its legal analysis.

Based on that input, the AI Arbitrator drafts a proposed award. A human arbitrator then reviews the reasoning, evaluates the outcome, and revises it if necessary, before the decision is finalized.

Training and Governance

The AAA-ICDR reports that the AI Arbitrator platform was trained on more than 1,500 prior construction arbitration awards and refined with input from experienced arbitrators and construction attorneys. The organization states that the system uses structured legal prompt libraries and explainable reasoning models designed to align with human legal analysis.

Potential Benefits

AAA-ICDR leadership has framed the initiative as an access-to-justice and efficiency measure. Bridget Mary McCormack, former Chief Justice of the Michigan Supreme Court and current President and CEO of the AAA-ICDR, has stated that increasing caseloads and rising litigation costs require the legal industry to adopt new technologies capable of improving speed and accessibility.

For parties involved in straightforward, documents-only disputes, AI-assisted arbitration could provide meaningful efficiencies. Construction disputes often involve extensive document review, timeline reconstruction, and repetitive issue analysis that

may lend themselves to AI-assisted processing.

Potential advantages include reduced arbitration costs, faster issuance of awards, improved organization of voluminous records, increased transparency regarding issue framing, and greater accessibility for lower-value disputes that might otherwise be economically impractical to arbitrate.

Early testing cited by the AAA-ICDR suggests potential cost savings of approximately 35% to 45% and time savings of roughly 20% to 25% compared to traditional documents-only construction arbitrations.

Potential Concerns

The emergence of AI-assisted adjudication raises substantial legal and practical questions.

Critics have expressed concerns regarding the transparency of AI reasoning, potential bias embedded in training data, hallucinations or factual inaccuracies, due process concerns, confidentiality and data security, and the risk that arbitrators may over-rely on AI-generated analyses.

Additional questions remain unresolved, including whether parties will seek expanded disclosure regarding AI use, whether courts will scrutinize AI-assisted awards during proceedings to confirm or vacate the award, how privilege and confidentiality rules apply to uploaded materials, and whether certain categories of disputes are inherently unsuitable for AI-assisted resolution.

New for 2026: The Resolution Simulator

Launched in March 2026 for use by June of that year, the Resolution Simulator allows legal teams to use the AI Arbitrator's logic for internal strategy. This tool, designed so far for use in construction disputes, provides a confidential, non-binding simulated decision based on a single party's submissions. It is intended to help counsel evaluate the strengths and vulnerabilities of their legal arguments, assess potential exposure before escalating to formal arbitration, and inform settlement negotiations and

mediation strategies.

Looking Ahead

The AI Arbitrator is currently deployed for two-party, documents-only construction cases with claims up to \$25,000. But the AAA-ICDR has laid out a roadmap for its expansion. The next planned area of development is insurance disputes, specifically payor-provider cases, which may be particularly well-suited for AI Arbitrator because of high case volumes and lower claim values. Plans also contemplate gradual expansion to multi-party proceedings, cross-border matters, and cases involving cultural nuances, as the system is tested and refined.

AI Arbitrator is unlikely to replace traditional arbitration in complex, witness-heavy commercial disputes anytime soon. Credibility determinations, nuanced factual records, and equitable considerations still strongly favor human adjudicators.

Whether AI-assisted arbitration becomes commonplace may depend less on the technology itself and more on whether users develop sufficient confidence in the fairness, transparency, and reliability of the process.

Practical Takeaways for Parties and Their Lawyers

There are several important considerations for companies and their counsel as this technology enters active use:

- *Contract drafting.* Existing arbitration clauses that specify AAA-ICDR rules do not automatically opt parties into the AI Arbitrator process, but counsel drafting new agreements should consider whether to expressly address AI-assisted arbitration.
- *New client counseling.* The AAA-ICDR has indicated that it wants to hear from the market about which case types should become part of the program next. Clients with high-volume, documents-only disputes in sectors beyond construction should monitor those developments closely.
- *Enforceability of awards.* No court has yet evaluated the enforceability of an

award generated through an AI-assisted process. Parties in cross-border disputes, particularly those with seat or enforcement considerations in jurisdictions with strict due process requirements, should carefully assess that issue before opting in.

- *Human oversight as a safeguard.* The human-in-the-loop framework should provide a meaningful check. Parties retain the ability to flag inaccuracies in the AI's understanding of their submissions at the outset before the system proceeds to legal analysis. Counsel should prepare clients to engage actively at that validation stage and not treat it as a mere formality.

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