

SUPREME COURT OF THE STATE OF NEW YORK, APPELLATE DIVISION,
SECOND JUDICIAL DEPARTMENT

Matter of American Tr. Ins. Co. v. Sovereign Med. Servs., P.C.

2026 NY Slip Op 03160 (N.Y. Ct. App. 2026) · No. 2024-03979 · Decided May 20, 2026

SUMMARY

The Appellate Division, Second Department, reversed a clerk's judgment that had vacated a master arbitration award in favor of Sovereign Medical Services, P.C. The court held that the master arbitrator's determination applying collateral estoppel was rational, supported by evidence, and not subject to vacatur. The matter was remitted to the Supreme Court, Kings County, to determine claims for attorney's fees, other fees, costs, and disbursements.

CASE DETAILS

COURT	Supreme Court of the State of New York, Appellate Division, Second Judicial Department
WRITING FOR THE COURT	Betsy Barros, J.P.; Paul Wooten, J.; Janice A. Taylor, J.; James P. McCormack, J.
JURISDICTION	Supreme Court of the State of New York, Appellate Division, Second Judicial Department
DECIDED	May 20, 2026
DOCKET	2024-03979
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Sovereign Medical Services, P.C. appealed from a clerk's judgment vacating a master arbitration award in its favor and denying its cross-petition to confirm the award.
STANDARD OF REVIEW	Judicial review of a master arbitration award in compulsory arbitration is limited to the grounds in CPLR article 75, including whether the determination had evidentiary support, was rational, or had a plausible basis. A court generally will not vacate an arbitrator's award for an incorrect application of substantive law unless the error is so irrational as to require vacatur.
PRECEDENTIAL VALUE	Published intermediate appellate decision

PARTIES

Sovereign Medical Services, P.C. v. American Transit Insurance Company

TOPICS

arbitration insurance coverage appellate procedure remedies costs

PRACTICE AREAS

insurance arbitration appellate procedure civil procedure remedies

QUESTIONS PRESENTED

1. Whether the master arbitration award was subject to vacatur under CPLR article 75 because the master arbitrator's determination lacked evidentiary support, was irrational, or lacked a plausible basis.
2. Whether the master arbitrator properly upheld the arbitrator's application of collateral estoppel to reject the insurer's additional-verification defense.
3. Whether Sovereign was entitled to confirmation of the master arbitration award and a remand for determination of requested attorney's fees, other fees, costs, and disbursements.

HOLDINGS

1. The master arbitration award was not subject to vacatur because the master arbitrator's determination was rational, supported by evidence, and not arbitrary and capricious.
2. The master arbitrator properly upheld the arbitrator's application of collateral estoppel in determining that failure to comply with additional verification requests was not a valid basis for denying the claim.
3. The petition to vacate was denied, the cross-petition to confirm the master arbitration award was granted, the award was confirmed, and the matter was remitted for determination of attorney's fees, other fees, costs, and disbursements.

KEY QUOTATIONS

"A court reviewing the award of a master arbitrator is limited to the grounds set forth in CPLR article 75, which include, in this compulsory arbitration, the question of whether the determination had evidentiary support, was rational, or had a plausible basis" ([*2])

"A master arbitrator's review power is broader than that of the courts' because it includes the power to review for errors of law" ([*2])

"an arbitrator's rulings, unlike a trial court's, are largely unreviewable" ([*1])

FACTUAL BACKGROUND

Sovereign Medical Services, P.C. was the assignee of a claim for no-fault insurance benefits. After American Transit Insurance Company denied the claim, Sovereign submitted it to arbitration, and the arbitrator awarded Sovereign the full amount claimed. The master arbitrator affirmed after determining that collateral estoppel

applied and that the insurer's failure-to-comply-with-additional-verification-requests rationale was not a valid basis for denying the claim.

PROCEDURAL HISTORY

Sovereign, as assignee of a no-fault benefits claim, obtained an arbitration award for the full amount of its claim after American Transit Insurance Company denied the claim. A master arbitrator affirmed the award. The Supreme Court, Kings County, granted the insurer's CPLR article 75 petition to vacate the master arbitration award and denied Sovereign's cross-petition to confirm it. The Appellate Division reversed, denied the petition, confirmed the award, and remitted the matter for determination of attorney's fees, other fees, costs, and disbursements.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The Supreme Court, Kings County, must determine the branches of Sovereign's cross-petition seeking reasonable attorney's fees, other fees, costs, and disbursements.

CASES CITED

- Matter of Falzone [New York Cent. Mut. Fire Ins. Co.], 15 NY3d 530, 534-535
- Matter of V.S. Care Acupuncture, P.C. v Country-Wide Ins. Co., 176 AD3d 832, 833
- Matter of Petrofsky [Allstate Ins. Co.], 54 NY2d 207, 212
- Matter of Acuhealth Acupuncture, P.C. v Country-Wide Ins. Co., 176 AD3d 800, 802
- Matter of Smith [Firemen's Ins. Co.], 55 NY2d 224, 232
- Matter of American Tr. Ins. Co. v Comfort Choice Chiropractic, P.C., 236 AD3d 782, 783
- Matter of GEICO Ins. Co. v AAAMG Leasing Corp., 148 AD3d 703, 705

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