

Notices to Members

No. 2 2015/2016 - Class 2 - Costs to be Included in a Settlement

February 2015

Dear Sirs,

Class 2 - Costs to be Included in a Settlement

Members are reminded the Class 2 Rules provide that in every case supported by the Association a Member shall account to the Association for all costs recovered by any judgment, arbitration award or settlement.

As set out in Rule 11(3) of the Class 2 Rules, this includes where any settlement is on a lump sum basis, namely where the settlement does not include a provision for and/or does not specify the amount of the settlement that relates to recoverable costs.

In practice, settlement terms should ideally specify the amount recoverable for costs separately from the amounts recoverable for principal and interest and Members should also always consult the Association before any settlement is agreed in a matter for which the Association's support has been provided under the Class 2 Rules.

Yours faithfully

For: **West of England Insurance Services (Luxembourg) S.A.**
(As Managers)

M D Kelleher
Director