**PRECEDENT LETTER**

**TO CONTRACT OUT OF REGULATED COSTS**

**FOR MOTOR VEHICLE ACCIDENT MATTERS - NOVEMBER 2016 AMENDMENTS**

**Practitioners should be aware of the *Motor Accident Injuries Bill 2017* passed by the NSW Parliament on 30/3/17 (awaiting assent).**

Clause 6 of the *Motor Accidents Compensation Regulation* 2015 (MACR) fixes maximum legal costs for work done in a motor accidents matter at those set out in Schedule 1 to that Regulation.

The costs in Schedule 1 are fixed lump sum fees, based partly on the stage of the proceedings reached and partly on the amount of the award or settlement. Schedule 1 applies to both those costs payable to our firm for work done in relation to your matter and those costs claimed from the defendant/insurer if you win your case.

However, Regulation 8 of the MACR permits a solicitor to contract out of these maximum costs provisions in respect of costs paid on a solicitor and client basis. If you enter a costs agreement with our firm, the restrictions on costs imposed by the MACR do not apply to the costs you are liable to pay to our firm.

For claims made on or after 1 November 2016, the MACR prohibits us from contracting out of the regulated costs if the amount paid in resolution of your claim is $50,000 or less. If your claim resolves for an amount less than $50,000 we will charge you costs in accordance with Schedule 1 to MACR.

We will provide the Motor Accidents Authority with a costs breakdown in the approved form as soon as practicable after your claim is finalised.

It is important that you understand that if you enter into a costs agreement with us, even if your claim is successful and you are awarded costs, you will have to pay us the difference between the costs that you would be liable to pay in accordance with the scale of costs in Schedule 1 of the MACR and the amount of costs we charge in accordance with our costs agreement. This may be considerable.

We will only agree to act for you if you enter into a costs agreement with our firm. Our costs disclosure and costs agreement are being sent to you separately.

Please contact us immediately if you need clarification of any of the matters contained in this letter.