

PRECEDENT LETTER

TO CONTRACT OUT OF REGULATED COSTS FOR MOTOR VEHICLE ACCIDENT MATTERS

From 1 December 2017

Clause 22 of the *Motor Accidents Injuries Regulation 2017* (MAIR) fixes maximum legal costs for work done in a motor accidents matter are 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, Clause 25 of the MAIR 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 MAIR do not apply to the costs you are liable to pay to our firm.

The MAIR prohibits us from contracting out of the regulated costs in statutory benefits disputes, and if the amount paid in resolution of your claim is \$75,000 or less. If your claim resolves for an amount less than \$75,000 we will charge you costs in accordance with Schedule 1 to MAIR.

We will provide the State Insurance Regulatory 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 be liable to pay us the amount of the costs provided for in our costs agreement as exceeds the amount of costs that would be payable under the *Motor Accident Injuries Act 2017* in the absence of a costs agreement. This means that you will have to pay us the difference between the costs we charge under our costs agreement and the fixed costs that would be payable under the MAIR. This difference may be considerable.

It is also important that you understand that claims for statutory benefits must be made separately from common law claims for damages.

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.