**PRECEDENT LETTER**

TO CONTRACT OUT OF REGULATED COSTS FOR MOTOR VEHICLE ACCIDENT MATTERS

**From 1 December 2017**

**Important Information about the Agreement we propose to enter into concerning your motor vehicle accident claim**

The costs agreement with my/our law practice contracts out of the Regulated cost provisions contained in the Workers Compensation Regulation.

Clause 22 of the *Motor Accidents Injuries Regulation* 2017 (the Regulation) restricts legal costs recoverable for work done in a motor accidents matter, to those costs set out in Schedule 1 to that Regulation[[1]](#footnote-1).

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 my/our law practice for work done in relation to your matter and those costs claimable from the defendant/insurer if you are successful in your matter.

Clause 25 of the Regulation permits a law practice or legal practitioner to **contract out** of the Regulated costs.

**Our proposal to contract out**

I/We propose to contract out of the Regulated costs provisions. This means that if you enter a costs agreement with my/our law practice, the restrictions on costs imposed by the Regulation will not apply to the costs you are liable to pay to my/our law practice.

It is important that you understand that if you enter into a costs agreement with my/our law practice, and even if your claim is successful and you are awarded costs (to be paid by the defendant/insurer in accordance with the Regulation), you will be liable to pay to my/our law practice the amount of the costs provided for in our costs agreement.

This means that you will have to pay us the difference between the costs we charge under our costs agreement and the maximum costs that would be payable under the Regulation. This difference may be considerable.

**Please note**

We are/ I am prohibited from contracting out of the maximum legal costs in certain circumstances:

* in a claim for statutory benefits and any dispute over statutory benefits, or
* if the amount paid in resolution of your claim is $75,000 or less.

It is important that you understand that claims for statutory benefits must be made separately from common law claims for damages. If your common law claim resolves for $75,000 or less I/we will charge you legal costs in accordance with the Regulation.

Where I/we can contract out I am/we are obligated to provide the State Insurance Regulatory Authority with a costs breakdown in the approved form as soon as practicable after your claim is finalised.

My/Our law practice will only agree to act for you if you enter into a costs agreement with me/us. My/Our costs disclosure and costs agreement will be sent to you separately.

Please contact [named person and phone number or email address] immediately if you need clarification of any of the information contained in this letter.

1. There are very limited circumstances where the maximum does not apply. See Clause 24 MAIR 2017. [↑](#footnote-ref-1)