



Court preservation of an arbitration award

A company was awarded significant damages at arbitration following a dispute with its counterparty to a long-term commercial contract, which was found by the arbitral panel to have been wrongfully terminated by the counterparty. The counterparty lodged an appeal in the local court of first instance (an appeal to a further arbitral panel was not possible).

Pursuant to a written decision, that court confirmed the arbitration award. The counterparty then filed a further notice of appeal with the competent appellate court. The company, having received the damages from the original arbitral award, wished to find a means to allow it to deploy those funds for business purposes elsewhere in its group as the ultimate decision of the appellate court was likely to take years.

Its solution to this problem was to purchase a Contingent Legal Risk Insurance policy which covered it against the risk of being required to repay the arbitral award by an adverse appellate court judgment. The policy gave it the necessary protection to free-up those funds for use in its business.

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