

Reallocation Actions and Settlement Agreements: What Did We Settle?

The purpose of a settlement and release agreement is to fully and finally dispose of a disputed matter, explains Stacy L. La Scala, a neutral writing for JAMS.

“However, more and more often, a dispute cannot be fully resolved where nonparties to the dispute have contributed defense and indemnity amounts on behalf of one or more of the parties and have reserved the right to seek recovery of those amounts in subsequent litigation,” he cautions.

In **the article**, published on JDSupra.com, he writes:

In particular, where insurance carriers have actually provided a defense and/or indemnity in an action, those carriers in a number of jurisdictions have potential rights against their insureds, pursuant to reservation of rights for uncovered claims; potential rights against those entities who are principally responsible for the loss; and potential rights against contractually obligated indemnitors of their insureds. The carriers are typically not part of the action and are not signatories to the settlement agreement.

Read the article.

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