

American Rule Prevails on Petition to Vacate Arbitration Award

Some contracts, including insurance and reinsurance contracts, include provisions providing that the successful party's damage award will include all costs of the suit or arbitration, including attorney fees, writes **Larry P. Schiffer** in Squire Patton Boggs' **Insurance and Reinsurance Law Blog**.

"This type of clause modifies the traditional default American Rule of costs and fees, in which each litigant pays its own attorney fees, win or lose," he explains. "What happens when this type of contract clause bumps up against the Federal Arbitration Act ('FAA') and the ability of a party to petition a court to seek to vacate an arbitration award? Is the prevailing party entitled to costs and attorney fees defending the vacatur proceeding?"

He describes a recent ruling in the 2nd U.S. Circuit Court of Appeals, in which the court was asked to review a district court order confirming an arbitration award and awarding costs and attorney fees to the prevailing party.

Read the article.