

Glossary of terms

After the event insurance (ATE)	Insurance by one party against the risk of it having to pay its opponents legal costs where the insurance policy is taken out after the event giving rise to court proceedings.
Before the event insurance (BTE)	Insurance protecting a claimant or defendant in place before the occurrence of an event giving rise to a legal claim that covers a defendant's or claimant's legal fees and possibly also those of its opponent (in the event of the insured being ordered to pay their opponent's costs).
Conditional fee agreement	An agreement in which a lawyer agrees with the client to be paid a success fee in the event of the client's claim succeeding, where the success fee is not calculated as a proportion of the amount recovered by the client. A typical example of a CFA is where a lawyer is retained on a 'no win, no fee' basis.
Contingency fee	A lawyer's fee is calculated as a percentage of monies recovered, with no fee payable if the client loses. These are currently in place in England and Wales for non contentious issues and are known as damages based agreements.
Cost shifting	The ordering that one person is to pay another's costs. Cost shifting usually operates on a loser pays basis so that the unsuccessful party is required to pay the successful party's recoverable costs. One way cost shifting would allow for the defendant to pay the claimant's costs if a claim is successful but the claimant does not pay the defendant's costs if the claim is unsuccessful. Qualified one way cost shifting would require that where the claimant is not successful their means and/or behaviour are taken into account in determining whether or not they should pay the defendant's costs.
Legal expenses insurance (LEI)	Insurance that covers a person against his own legal costs and/or the legal costs of an opponent in litigation. LEI includes both ATE and BTE insurance.