

Canadian Appellate Court Holds That Reinsureds Must Establish Legal Liability in the Absence of a Follow Settlements Cause

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In *Swiss Reinsurance Company v. Camarin Limited*, the British Columbia Court of Appeal clarified the test for proving liability under a reinsurance contract absent a follow the settlements clause. Where such a clause does not exist, the cedant faces a stricter test to recover from its reinsurer. In order for the cedant to recover from its reinsurer under the reinsurance policy, the Court held that the cedant had to prove that it's insured "would have" been liable in the underlying proceeding for damages covered by the underlying policy.

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