

## SCHEDULES

### SCHEDULE 4

#### RECOVERY OF SUMS EQUIVALENT TO BENEFIT FROM COMPENSATION PAYMENTS IN RESPECT OF ACCIDENTS ETC: SUPPLEMENTARY PROVISION

#### PART II

##### PAYMENTS, DEDUCTIONS AND CERTIFICATES

##### *Structured settlements*

- 7 (1) This paragraph applies where—
- (a) in final settlement of a person's claim, an agreement is entered into—
    - (i) for the making of periodical payments (whether of an income or capital nature) to or in respect of the victim; or
    - (ii) for the making of such payments and one or more lump sum payments; and
  - (b) apart from this paragraph, those payments would fall to be regarded for the purposes of the recoupment provisions as compensation payments.
- (2) Where this paragraph applies, the recoupment provisions (other than this paragraph) shall have effect on the following assumptions, that is to say—
- (a) the relevant period in the case of the compensator in question shall be taken to end (if it has not previously done so) on the day of settlement;
  - (b) the compensator in question shall be taken—
    - (i) to have been liable to make on that day a single compensation payment of the amount referred to in section 22(1)(a) of this Act (reduced or increased in accordance with such of the recoupment provisions as would have applied in the case of a payment on that day); and
    - (ii) to have made from that single payment a relevant deduction of an amount equal to it; and
  - (c) the payments under the agreement referred to in sub-paragraph (1) above shall be taken to be exempt payments.
- (3) The intended recipient shall not by virtue of anything in this paragraph become entitled to be paid any sum, whether by the compensator or the Secretary of State, and if on a review or appeal under paragraph 16 or 18 below it appears that the amount paid by a compensator in pursuance of this paragraph was either greater or less than it ought to have been, then—
- (a) any excess shall be repaid to the compensator instead of to the intended recipient; but
  - (b) any deficiency shall be paid to the Secretary of State by the intended recipient.

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*Status: This is the original version (as it was originally enacted).*

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- (4) Where any further compensation payment falls to be made to or in respect of the victim otherwise than under the agreement in question, sub-paragraph (2)(a) above shall be disregarded for the purpose of determining the end of the relevant period in relation to that further payment.
- (5) In any case where—
- (a) the person making the periodical payments (the “secondary party”) does so in pursuance of arrangements entered into with another (as in a case where an insurance company purchases an annuity for the victim from another such company), and
  - (b) apart from those arrangements, that other (“the primary party”) would have been regarded as the compensator,
- then for the purposes of the recoupment provisions, the primary party shall be regarded as the compensator and the secondary party shall not be so regarded.
- (6) In determining for the purposes of this paragraph whether any periodical payments would fall to be regarded as compensation payments, section 22(4)(a) of this Act shall be disregarded.
- (7) In this paragraph “the day of settlement” means—
- (a) if the agreement referred to in sub-paragraph (1) above is approved by a court, the day on which that approval is given; and
  - (b) in any other case, the day on which that agreement is entered into.