

# Commercial Legal Expenses Cover

# Insurer

**Insurer: Financial & Legal Insurance Company Limited**

**Office Address: No 1 Lakeside, Cheadle Royal Business Park,  
Cheadle, Cheshire, SK8 3GW**

Financial & Legal Insurance Company Limited is authorised  
by the Prudential Regulation Authority and  
is regulated to operate in the UK by the Financial Conduct Authority  
(FCA Firm Registration Number: 202915)

# Product Summary

## Maximum cover level options of Annual Turnover <£10m

### The Full Range of Commercial Legal Expenses Covers

- 24x7 Legal Advice Helpline
- Employment Disputes (inc Compensation Cover)
- Service Occupancy (recover possession of premises)
- Legal Defence (Not EL, PL, PII, Motor)
- Property Protection
- Bodily Injury
- Tax Enquiries & Disputes
- Contract Disputes
- Debt Recovery

### The additional covers under Commercial Legal Plus

- Employment Restrictive Covenants
- Statutory Licence Appeal
- Tenancy Disputes

(some covers may vary depending on your specific product,  
please check your policy wording to confirm covers which apply to your policy.)

# Cover Features & Some Key Exclusions

# Product Summary

- Provides up to £50,000 limit of indemnity per claim. A total of £500,000 per policy year.
- Enables businesses to defend their legal position/pursue their legal rights in a range of dispute scenarios
- Real peace of mind for a business for a very reasonable premium, enabling them to concentrate on what they do best...

Run / Grow their business!

# Legal Advice Helpline

- Free Legal Advice Telephone Helpline for legal issues falling under the jurisdiction of the courts of England, Scotland, Wales and Northern Ireland. The line is open 24/7.

# Legal Advice Helpline – Important Points

- The Legal Advice Helpline is not to be used as an alternative to making a claim under the policy and is for general advice only.

# Employment Disputes Cover

- Advice Line to provide help/advice before taking any action against an employee.
- Advice line also to advise on any response to action incl. Grievance raised by employees.
- Provides cover for compensation awards by ET or ACAS on claims accepted under the policy.
- Service Occupancy – Will act to recover possession of premises from an employee/ex-employee (e.g. a flat)



# Employment Disputes: Important Points

- Cover does not cover claims related to:
  - Personal Injury (EL Policy does this)
  - Transfer of Undertaking (Protection of Employment) aka TUPE
- When the policy wording refers to “the claims line” in the event of an employment claim, this is for them to provide advice on how to proceed with employment issues.
- The claims line is not to be used as a remote HR Department for day-to-day HR general queries.

NB. Failure to contact, follow/action the advice/instructions given will likely result in any subsequent claim being repudiated.

So, the advice to an Insured is if you want to claim, call the claims line.

# Employment Disputes: Important Points cont.

- The insured MUST contact the claims department for advice and adhere to this prior to:
  - Taking any disciplinary action or dismissing an employee.
  - Implementing any variations in terms.
  - Implementing any redundancy.

# Employment Disputes: Important Points cont.

Also, in the first year of the insurance, it does not cover:

- Any claims within the first 90 days of inception
- Claims relating to an employee who has had any form of warning within 180 days prior to inception.
- Any redundancy within 1<sup>st</sup> year of cover commencing.

**The above does not prevent the use of the legal advice line.**

NB: If the policy has simply moved to us from a previous insurer, we will waive the above, subject to assessment that prior knowledge of the matter giving rise to the claim was or ought to have been known prior to inception.

# Service Occupancy

- This section of your policy provides cover for professional fees to recover possession of premises owned by, or for which you are responsible from an employee or ex-employee.
- We will negotiate for the policyholder's legal rights against an employee to recover possession of premises owned by, or for which the policyholder is responsible.

# Service Occupancy Important Points

- Any claim relating to defending the policyholder's legal rights other than defending a counter-claim.

# Legal Defence Cover

- Aids both prior to and during proceedings.
- Acts for criminal (Police) and/or HSE investigations that may result in a criminal prosecution.
- Civil actions for compensation under section 13 of DPA (compensation for stress etc resulting from losing/misusing data)

# Legal Defence Cover Important Points

- Cover only relates to actions/events that occurred whilst the employee is acting in accordance with their terms of employment.
- Does not cover matters relating to Road Traffic Laws, using or owning a motor vehicle.

# Property Protection

- We will negotiate the policyholder's legal rights to pursue a civil claim relating to material property, which are owned by the policyholder or for which policyholder legally responsible for and used in connection with their business activity for:
  - An event which causes, or could cause, physical damage to such property; or
  - Any unlawful interference of your use or enjoyment or right of such property.



# Property Protection Important Points

- Property Protection does not cover matters relating to;
  - A Contract entered by the Insured.
  - Goods in Transit.
  - At premises outside the Insured's control unless they are there to carry out the Insured's trade.
  - Boundary disputes, subsidence or heave.
  - Any motor vehicle, except for damage to a motor vehicle if the Insured is a trader and the vehicle is stock.
  - Tenancy / Rent reviews.

# Bodily Injury

- Covers costs of the Insured or Employees pursuing claims for PI sustained at work.

e.g. An employee making a delivery is bitten by the homeowners dog.

# Bodily Injury Important Points

- Does not include EL Claims.
- Must be a sudden event (no industrial disease RSI etc)
- Does not include RTA's.
- Does not include cover defence (although this section does not cover defence of PI claims, it does cover for defending a counter-claim, should the defendant/opponent raise one)
- Arising from actual or alleged clinical, medical or dental negligence

# Tax Protection

- Aids (correspond) on behalf of the Insured in the event of an aspect or full enquiry by HMRC (NB £200 excess)
- Provide representation in the event of a Tax Intervention enquiry.
- Provide representation in an appeal proceedings regarding a dispute concerning compliance with PAYE.
- Aids and representation at an appeal regarding an assessment by HMRC regarding VAT that is due.

# Tax Protection Important Points

- For cover to be provided the Insured must have taken reasonable care to ensure any/all returns are complete and correct, and submitted within statutory time limits.
- Policy will not act where;
  - The event giving rise to enquiry, or the enquiry occurred pre-inception.
  - The investigation is taking place due to issues with previously submitted returns/accounts.
  - Relates to a tax avoidance scheme.
  - Enquiry arises from an investigation in to alleged dishonesty or criminal offences.

# Contract Disputes

- Deals with contract disputes more than £500 relating to purchase or sale of goods or services falling under the Sale of Goods Act 1979 & 1982 (e.g. contract with consumers and some commercial contracts)

# Contract Disputes Important Points

- If the amount in dispute is payable in instalments, the instalments due and payable at the time of making the claim must exceed £500.
- Cover is limited to 75% of the disputed sum.
- Any claim must be made under this section of cover within 90 days of the sum becoming due.



No cover is available for:

- Matters within the first 90 days of cover if the contract predates inception.
- Any breach of professional duty against the Insured.
- Claims relating to motor vehicles (unless a motor trader)
- Computer hardware, software or devices.
- Any claim that is not disputed i.e. it is not credit control.
- Loan/Mortgage or other financial product.

# Debt Recovery

- Recovers debts and interest over £250 relating to the Insured's supply of goods or services, after all reasonable credit controls have been exhausted.
- Cover includes cost of enforcement.



# Debt Recovery Important Points

- Only covers up to 5 incidents per insurance period.
- Will only act where there are reasonable prospects of making a recovery/enforcing any judgment.
- Matter must be reported within 90 days of the debt becoming due.
- Will not act in matters relating to;
  - Settlement under an insurance policy
  - Lease/licence/tenancy
  - Loan/Mortgage or other financial product
  - A motor vehicle (unless a motor trader)
  - Computer hardware, software or services.

# Employment Restrictive Covenants

- Covers legal costs for negotiation of the policy holder's legal rights in respect of a former employee who acts in breach of their employment restrictive covenants.
- We will pay the professional fees to defend the policyholder's legal rights in any legal proceedings against a former employee who is in breach of restrictions contained within a written contract of employment with the insured person.

# Employment Restrictive Covenants – Important Points

- The restrictive covenant(s) are incorporated into the employee's written contract of employment.

# Statutory Licence Appeal

- Covers legal costs for negotiation of the policy holder's legal rights in respect of an appeal against a statutory licencing authority act or omission to alter or refuse to renew a statutory licence.
- We will pay the professional fees to defend the policyholder's legal rights in any legal proceedings in relation to an appeal against a statutory licensing authority following an act or omission, which leads to the suspending, revoking, altering the terms of or refusal to renew a statutory licence.

# Statutory Licence Appeal – Important Points

- Any claim relating to the ownership, driving of or use of a motor vehicle.

# Tenancy Disputes

- Covers legal costs for negotiation of the policy holder's legal rights in respect of a dispute with the landlord over premises leased or rented by the policy holder.
- We will pay the professional fees to defend the policyholder's legal rights in any legal proceedings in relation to a civil dispute between you and your landlord relating to premises lease or rented by you.

# Tenancy Disputes– Important Points

- A Dispute arising from rent or service charges.
- The negotiation or renewal of the lease or tenancy agreement.

# General Points

Does not cover;

- Any event/claim within the first 90 days of a newly incepted policy (30 days re tax enquiry) unless cover has transferred from another insurer.
- Any claim reported after 90 days from the event giving rise to the claim.
- Claims reported outside the period of insurance.
- Any claim where the event giving rise to the claim pre-dates cover.
- Any claim re patents, copyrights, intellectual property rights, confidentiality, reputation etc.



# General Points cont.

- Any case where the client has prejudiced the claim/our position.
- Any case which includes the following; Directorship or Partnership disputes, Libel and Slander or Verbal Contracts.

Most Important!

All claims must have reasonable prospects of success

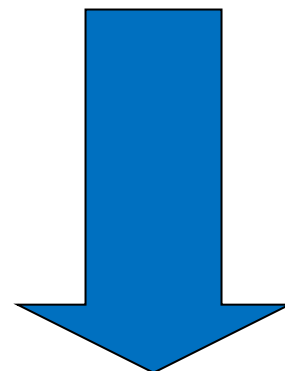
# FAQs

<b>What is Commercial Legal Expenses Insurance?</b>	The Commercial Legal Expenses policy is designed to cover companies against the cost of taking legal action or defending their rights if a legal dispute should arise with another party.
<b>What happens if I have already engaged a solicitor to work on a legal dispute before I notify the Claims Helpline?</b>	If you believe you have a potential claim you must first notify the Claims helpline as, unless you have been given permission to do so, any legal costs incurred would not be covered. Also, your claim could be prejudiced by not first taking advice and guidance from the Claims helpline.
<b>If I have a legal problem prior to taking out the policy would this be covered?</b>	Any disputes that have occurred before the start date of the policy are excluded.
<b>What is meant by “Reasonable Prospects” that is stated in the main policy terms?</b>	In summary, for all civil claims the appointed legal representative (solicitor) must first determine that there is a 51% or greater prospect of success in order for the claim to proceed. It is not beneficial for anyone concerned to progress a legal claim that has little chance of success.

# FAQs cont'd

<b>If a claim is accepted, could I use my own solicitor?</b>	If we agree legal proceedings should be commenced through court or it is mandatory for you to be represented by a solicitor you may choose an alternative solicitor to act for you however you must obtain our written agreement for them to become your authorised representative.
<b>Is there a limit to the number of claims covered with this policy?</b>	The policy covers for more than one claim but there is an indemnity limit for any one claim of £50,000 and for all claims during an annual policy period of £500,000. These are the main policy limits. (Some specific policy section limits also apply which are fully detailed in the main policy terms)
<b>I have two businesses; can I cover both under the same policy?</b>	No, unfortunately each separate business would need its own policy.

# Commercial Legal Expenses Some Real Example Claims Cases



# Employment Dispute

- *Policy Holder operated a beauty salon. After taking advice, they dismissed an employee during their probationary period due to performance issues (falsifying client records).*
- *The employee alleged that the dismissal was discriminatory, and her solicitor issued proceedings in the Employment Tribunal seeking compensation of £22,000.*

## Outcome

- *The claim was accepted by Financial & Legal and they agreed to the policy holder's own solicitor being appointed.*
- *The solicitor advised that the policy holder had a strong defence to the claim.*
- *The case progressed over a period of time and was finally allocated a 3-day hearing.*
- *Financial & Legal would be responsible for all legal costs in the Employment Tribunal case (regardless of the outcome) together with the award of compensation (if the claimant was successful).*
- *Financial & Legal therefore intervened and reached a commercial settlement with the employee to conclude matters on a cost-effective basis.*
- *This avoided any cost to the policy holder, plus the disruption of having to attend a 3-day hearing.*
- *Settlement payable to claimant - £2,000. Legal Cost's incurred: £2,500*

# Legal Defence

- *Policy Holder is a food establishment.*
- *The policy holder was being prosecuted by the Trading Standards Department of Hertfordshire County Council for offences contrary to food safety matters (a customer had alleged they were supplied with*
- *Foods containing allergens detrimental to them despite them having informed policy holder's staff of their specific allergies.*

## Outcome

- *The claim was accepted by Financial & Legal, and we agreed to the Policy Holder's own solicitors being appointed.*
- *The case was listed for a hearing at which – despite the District Judge having gone through matters in some considerable detail – the policy holder was, unfortunately, found guilty.*
- *However, the policy holder was found guilty of a lower category issue than the charges brought forward.*
- *Legal Costs incurred: £6,480*

# Property Dispute

- *Policy Holder owned a block of 14 flats with Southwest-facing views of Poole Harbour.*
- *The insured property has the benefits of covenants over three properties of its Southwest boundary.  
The intention of the relevant clause being to preserve the views enjoyed by the building.*
- *A neighbouring property had failed to comply with annual pruning obligations, the consequences of which has resulted in restricted views from the building.*

## Outcome

- *The claim was accepted by Financial & Legal and referred to their own panel solicitors, DWF.*
- *DWF entered negotiations with the third party which, over a short period of time, resulted in the third party agreeing to carry out the necessary pruning works.*
- *Legal Costs incurred: £2,700*

# Contract Disputes (Goods & Services)

- *Policy Holder sold PPE masks to a customer who then resold them to a pharmaceutical wholesaler.*
- *The masks were CE-marked and supplied with certificates when they were purchased.*
- *However, the pharmaceutical wholesaler's compliance team assessed the product and found that the CE certificates were issued by an unauthorised company, meaning the masks did not have valid CE status and cannot be sold in the EU market.*
- *The policy holder's customer gave a refund to the pharmaceutical wholesaler and were seeking compensation of £100,000 from the Policy Holder.*

## Outcome

- *The claim was accepted by Financial & Legal and referred to our panel solicitors, DWF.*
- *DWF took instructions from the Policy Holder and negotiated a settlement agreement with the customer to resolve the legal dispute and avoid litigation.*
- *Legal Costs incurred: £6,000.*



# Debt Recovery

- *Policy Holder provided expert mobile hydraulic services across Yorkshire and the North.*
- *Services were provided by the Policy Holder to their client but subsequent invoices were not paid.*



## Outcome

- *The claim was accepted by Financial & Legal and referred to their panel solicitors DWF.*
- *The solicitor advised that the policy holder's claim had reasonable prospects of success.*
- *A letter was submitted which prompted a response from the debtor.*
- *A commercial agreement was subsequently reached to conclude matters on a cost-effective basis.*
- *Legal Cost's incurred: £1,000.*