



Essential Business Legal Policy Document - 507374

Please read this Policy carefully to familiarise yourself with the terms and conditions, as well as the

- Legal and tax helpline and
- The claim reporting procedures

If **you** are unsure about anything in this document please contact us.

HELP WHEN YOU NEED IT:

- Legal Advice available 24/7 on EU law
- UK tax advice available between 9.00am and 5.00pm Monday to Friday, phone

0844 581 0400

- You can report a claim between 9.00am and 5.00pm Monday to Friday on

0117 917 1698 OR

www.arag.co.uk/newclaims

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ARAG plc is authorised and regulated by the Financial Services Authority, registration number 452369 and this can be checked by visiting the FSA website at www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234.

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What is Essential Business Legal?

Essential Business Legal is a product that provides legal services and insurance. It will cover the legal costs if **your** company, including any subsidiary and/or associated company is involved in certain legal disputes. The policy is administered by ARAG plc, and underwritten by Brit Insurance Limited.

Legal & Tax Advice

In the event of a legal or tax problem we would strongly recommend that **you** initially take advantage of our confidential 24 hour legal advice and our 9 – 5 tax advice service which we provide to **you** as part of this policy; the only cost to **you** is a standard rate call. The advice covers any business legal or tax matter and **you** can use this service as often as **you** like. **Your** query will be dealt with by a suitably qualified specialist experienced in handling a range of legal and tax related matters.

You can get advice by telephoning 0844 581 0400. Use of this service does not constitute reporting of a claim.

How to make a claim

If **you** need to make a claim, **you** should notify us as soon as possible. Under no circumstances should **you** instruct **your** own lawyer or accountant as we will not pay the costs incurred and it could invalidate **your** cover.

You can report **your** claim between 9.00am and 5.00pm Monday to Friday by telephoning us on 0117 917 1698 and we can send **you** a claim form. Alternatively, **you** can find further details at www.arag.co.uk/newclaims. Please have **your** policy Schedule to hand.

What happens next?

We will issue **you** with a written acknowledgement within one working day of receiving the claim. Within 5 working days of receiving all the information needed to assess the availability of cover under the policy, we will write to **you** either:

- appointing a suitably qualified representative who will promptly progress the claim for **you**; or
- if the claim is not covered, explaining in full why and whether we can assist in another way.

What happens if the insurer cannot meet its liabilities?

The Insurer, Brit Insurance Ltd is covered by the Financial Services Compensation Scheme ("FSCS"). **You** may be entitled to compensation from the scheme in the unlikely event that the Insurer cannot meet its liabilities. This depends on the type of business and the circumstances of the claim. Further information about compensation scheme arrangements is available from the FSCS.

YOUR POLICY COVER

This policy is evidence of the contract between **you** and the **Insurer**. It is based on the information given to **us** by or for **you** when **you** applied for this insurance. The policy and any endorsement that may attach to this policy shall be read together as one document.

WHAT IS INSURED

For all Insured Events the **Insurer** will pay the **Insured's Legal Costs & Expenses** up to the **Limit of Indemnity**, including the cost of appeals provided that:

- 1) **You** have paid the insurance premium
- 2) the Insured Event arises in connection with the business and occurs within the **Territorial Limit**
- 3) the claim
 - always has **Reasonable Prospects of Success**
 - is reported to **us**
 - during the **Period of Insurance**
 - immediately after the **Insured** first becomes aware of circumstances which could give rise to a claim under this policy

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- 4) Unless there is a conflict of interest, the **Insured** always agrees to use the **Appointed Advisor** nominated by **us** in any claim
 - falling under the jurisdiction of the **Small Claims Court**, and/or
 - prior to the issue of legal proceedings,
- 5) any proceedings or hearing are dealt with by a Court, tribunal or other body that **we** agree to, in the **Territorial Limit**
- 6) in respect of a claim under Insured Event 3 the **Insured** enters into a **Conditional Fee Agreement** with **your Appointed Advisor** or the **Appointed Advisor** enters into a **Collective Conditional Fee Agreement** with **us** if the claim will be decided in a Court within England & Wales and falls outside the jurisdiction of the **Small Claims Court**

INSURED EVENTS COVERED

1 TAX PROTECTION

- a) a formal aspect or full enquiry into **your** business tax affairs
- b) any appeal proceeding following an assessment by HM Revenue & Customs relating to Value Added Tax
- c) a dispute about **your** compliance with regulations relating to:
 - Pay As You Earn, or
 - Social Security, or
 - National Insurance Contributions following a review by HM Revenue and Customs
- d) a formal aspect or full enquiry into the personal tax affairs of **your** directors and/or partners

Provided that

1. all returns are completed and have been submitted within the statutory timescales permitted
2. in respect of aspect enquiries the **Insured** is responsible for the first £250 of each and every claim

What is not insured under Insured Event 1

Any claim arising from or relating to

1. an investigation by the Special Civil Investigation Office or the Special Compliance Office of HM Revenue and Customs
2. an investigation under the Civil Investigation of Fraud procedure
3. a tax avoidance scheme
4. the submission of returns or accounts where the HM Revenue & Customs levy a penalty or claim for interest or which contain negligent misstatements or where the **Insured** falls below the standard of a reasonably prudent businessman in keeping books and records.
5. **your** failure to register for VAT

2 COMPLIANCE & REGULATION

- a) defending the **Insured** when dealing with the police or Health & Safety Executive prior to the **Insured** being charged
- b) defending the **Insured** following an event leading to the **Insured** being prosecuted in court of criminal jurisdiction except a parking offence
- c) representing **you** following a notice by the relevant authority to alter, suspend, revoke or refuse to renew **your** statutory licence
- d) appealing against the terms of a Statutory Notice served against **you**
- e) representing the **Insured** at a formal investigation or disciplinary hearing by any trade association, professional or regulatory body
- f) defending **you** in a civil action alleging wrongful arrest arising from an allegation of theft
- g) defending the **Insured** in a civil action for compensation under section 13 of the Data Protection Act 1998 including compensation awarded against the **Insured** provided that **you** are registered with the Information Commissioner
- h) the **Insured's** loss of earnings incurred when the **Insured** is absent from work to attend any court, tribunal, arbitration, disciplinary hearing or regulatory proceedings at the request of the **Appointed Advisor** or whilst on Jury Service. The amount **we** pay shall not exceed £100 per day or part thereof less whatever is

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recoverable from the court or tribunal subject to a maximum limit of £1000.

3. CONTRACT & DEBT RECOVERY

A breach or alleged breach of an agreement or alleged agreement which has been entered into by **you** or on **your** behalf relating to the purchase, hire, hire purchase, lease, servicing, maintenance, testing, sale or provision of goods or services

Provided that

- a) the amount in dispute exceeds £200
- b) if the amount in dispute exceeds £5,000 **you** are responsible for the first £500 in each and every claim
- c) in respect of a claim for an undisputed debt
 - (i) **you** notify us within 90 days of the money becoming due and payable
 - (ii) **you** have exhausted **your** normal credit control procedures

What is not insured under Insured Event 3

Any claim relating to

1. computer software or systems which have been tailored to **your** requirements
2. the sale or provision of computer hardware, software, systems or services by **you**
3. the letting, leasing or licencing of land or buildings where **you** act as the landlord
4. the sale or purchase of any land or buildings
5. loans, mortgages, endowments, pensions or any other financial product
6. the settlement payable under an insurance policy

WHAT IS NOT INSURED

You are not insured for any claim arising from or relating to:-

1. **Legal Costs & Expenses** incurred before **we** accept a claim
2. any actual or alleged act, omission or dispute occurring prior to, or existing at the inception of the policy, and which the **Insured** knew or

ought reasonably to have known could give rise to a claim under this policy

3. an allegation against the **Insured** involving:
 - assault, violence or dishonesty;
 - malicious falsehood;
 - the manufacture, dealing in or use of alcohol, illegal drugs, indecent or obscene materials;
 - illegal immigration;
 - offences under Part 7 of the Proceeds of Crime Act 2002 (money laundering offences).
4. the defence of legal proceedings relating to
 - damages for personal injury (other than injury to feelings), or loss or damage to property owned by the **Insured**
 - a breach or alleged breach of professional duty
 - any tortious liability
5. fines, penalties or compensation awarded against the **Insured** except as covered under Insured Event 2
6. costs awarded against the **Insured** by a court of criminal jurisdiction following a conviction
7. patents, copyright, trade marks, passing-off, trade or service marks, registered designs, secrecy and confidential information
8. a dispute with any subsidiary, parent, associated or sister company or between shareholders or partners
9. franchise
10. a judicial review
11. a dispute with **us** or the **Insurer** not dealt with under Condition 6
12. defamation
13. a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;
 - b) radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof
 - c) war, invasion, act of foreign enemy hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military or usurped power.
 - d) pressure waves from aircrafts or other aerial devices travelling at sonic or supersonic speed

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- e) any terrorist action (regardless of any other cause or event contributing concurrently or in any other sequence to the liability) or any action taken in controlling, preventing or suppressing terrorist action. If the **Insurer** alleges that by reason of this exclusion any liability or loss is not covered by this Policy, the burden of proving the contrary shall be upon the **Insured**;

- i) minimise any **Legal Costs & Expenses** and try to prevent anything happening that may cause a claim
- j) allow the **Insurer** at any time to take over and conduct in the **Insured's** name any claim, proceeding or investigation

CONDITIONS WHICH APPLY TO THE WHOLE POLICY

Failure to keep to any of these conditions, without good reason, will lead the **Insurer** to cancel **your** policy, refuse a claim or withdraw from an ongoing claim. The **Insurer** also reserves the right to recover **Legal Costs & Expenses** from the **Insured** should this occur

1. The **Insured's** responsibilities

An **insured** must

- a) observe and keep to the terms of the policy
- b) not do anything that hinders **us** or the **Appointed Advisor**
- c) tell **us** immediately after **you** first become aware of any cause, event or circumstances which could to give rise to a claim under this policy
- d) tell **us** immediately of anything that may materially alter **our** assessment of the claim
- e) cooperate fully with the **Appointed Advisor** and **us**, give the **Appointed Advisor** any instructions **we** require, and keep them updated with progress of the claim
- f) provide **us** with everything **we** need to help **us** handle the claim
- g) take reasonable steps to recover **Legal Costs & Expenses** that the **Insurer** pays and pay to the **Insurer** all costs that are recovered should these be paid to **you**
- h) tell the **Appointed Advisor** to have the **Legal Costs & Expenses** assessed or audited if **we** require

2. The **Appointed Advisor**

- a) In certain circumstances as set out in 2 c) below the **Insured** may choose an **Appointed Advisor**. In all other cases no such right exists and we shall choose the **Appointed Advisor**.
- b) Where the **Insured** wishes to exercise their right to choose, they should write to **us** with their nominated representative's name and address. The **Insured's** chosen **Appointed Advisor** must agree to act under **our** standard terms of business and cooperate with **us** at all times. **We** may refuse to accept the **Insured's** nomination in exceptional circumstances. If we disagree over the appointment of an **Appointed Advisor** then **we** will agree for another suitably qualified person to decide the matter
- c) If **we** agree to start legal proceedings and the court or tribunal requires any representative to be legally qualified, or there is a conflict of interest, the **Insured** may choose a suitably qualified **Appointed Advisor**. The right of the **Insured** to choose never applies to **Small Claims Court** claims unless there is a conflict of interest.
- d) If the **Appointed Advisor** refuses, with good reason to continue acting for the **Insured**, the **Insured** dismisses the **Appointed Advisor** without good reason, or the **Insured** withdraws from the claim without **our** agreement, cover will end immediately unless **we** agree to appoint another **Appointed Advisor**.
- e) The **Appointed Advisor** must enter into a **Conditional Fee Agreement** with the **Insured** or a **Collective Conditional Fee Agreement** with **us** if a claim under Insured Event 3 will be decided in a Court within England & Wales

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and falls outside the jurisdiction of the **Small Claims Court**

3. **Our consent**

We must give **our** written consent to the **Insured** to incur any **Legal Costs & Expenses** or Compensation Awards. The **Insurer** does not accept any liability for **Legal Costs & Expenses** incurred without **our** written consent.

4. **Settlement**

- a) The **Insurer** has the right to settle the claim by paying the value of **your** claim
- b) The **Insured** must not negotiate, settle the claim or agree to pay any **Legal Costs & Expenses** incurred without **our** written agreement
- c) If the **insured** refuses to settle the claim following
 - (i) a reasonable offer, or
 - (ii) advice to do so from the **Appointed Advisor**

the **Insurer** may refuse to pay further **Legal Costs & Expenses**

5. **Counsel's Opinion**

We may require the **Insured** to obtain and pay for an opinion from counsel regarding the merits or value of the claim. If the opinion supports the **Insured** then the **Insurer** will pay for the opinion.

6. **Arbitration**

If there is a dispute between the **Insured** and **us** about the handling of a claim or the choice of an **Appointed Advisor**, that is not resolved throughout our internal complaints procedure, the matter will be referred to a suitably qualified person agreed upon by both parties. The loser of the dispute shall be liable to pay the costs incurred. If we fail to agree on a suitable person **we** will ask the president of the relevant Law Society to nominate.

7. **Dual Insurance**

The **Insurer** will not pay for any claim covered by another policy, or any claim that would have been covered by any other policy if this policy did not exist

8. **Fraudulent Claims**

If the **Insured** makes any claim under the policy which is fraudulent or false, the policy shall become void and all benefits under this policy will be forfeited including the premium.

9. **Cancellation**

You may cancel the policy at any time by giving at least 21 days' written notice to **us**. The **Insurer** will refund part of the premium for the unexpired period unless the **Insured** has notified a claim which has been or is subsequently accepted under this Policy in which case no return of premium shall be allowed.

The **Insurer** may cancel the policy at any time by giving at least 21 days' written notice to **you**. The **Insurer** will refund part of the premium for the unexpired period.

10. **Acts of Parliament & Jurisdiction**

All Acts of Parliament referred to within the policy shall include equivalent legislation in Scotland, Northern Ireland, the Isle of Man and the Channel Islands and any subsequent amendment or replacement legislation.

This policy will be governed by English Law

11. **Data Protection Act 1998**

It is agreed by the **Insured** that any information provided to **us** &/or the **Insurer** regarding the **Insured** will be processed by **us** &/or the **Insurer**, in compliance with the provisions of the Data Protection Act 1998, for the purpose of providing insurance and handling claims, if any, which may necessitate providing such information to third parties.

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12. Contracts (Rights of Third Parties) Act 1999

A person who is not party to this contract has no right to enforce the terms and conditions of this policy under the Contracts (Rights of Third Parties) Act 1999.

MEANING OF WORDS & TERMS

Certain words and terms contained in this policy have been defined as they have the same meaning wherever they appear.

Appointed Advisor

The solicitor, accountant, or other advisor appointed by **us** to act on behalf of the **Insured** under the terms of the policy.

Conditional Fee Agreement

The separate agreement between the **Insured** and the **Appointed Advisor** for paying his or her professional fees which is an enforceable conditional fee agreement within the meaning of sections 58, 58A, Courts and Legal Services Act 1990 (as substituted and inserted by section 27, Access to Justice Act 1999), the format and contents of which have been agreed to by **us** before it is entered into.

Collective Conditional Fee Agreement

The separate agreement between the **Appointed Advisor** and **us** for paying his or her professional fees which is an enforceable conditional fee agreement within the meaning of sections 58, 58A, Courts and Legal Services Act 1990 (as substituted and inserted by section 27, Access to Justice Act 1999) which does not refer to specific proceedings but which provides for the **Appointed Advisor's** fees and expenses to be payable on a common basis.

Insured

- (a) **You, your** directors, partners, managers, officers and employees of **your** business
- (b) The estates, heirs, legal representatives or assigns of any persons mentioned in (a) in the event of such person dying
- (c) A person declared to **us**, who is contracted to perform work for **you**, who is in all other

respects insured by **you** on the same basis as **your** other employees and who performs work under **your** supervision

Insurer

Brit Insurance Limited

Legal Costs & Expenses

- 1) In respect of all Insured Events other than as provided for in 2) & 3) below
 - a) Reasonable legal costs, fees and disbursements reasonably and proportionately incurred by the **Appointed Advisor** on the Standard Basis and agreed in advance by **us**
 - b) Reasonable accountancy fees, disbursements and other costs reasonably incurred by the **Appointed Advisor** and agreed in advance by **us**
 - c) Other side's costs incurred in civil claims where the **Insured** has been ordered to pay them or pays them with **our** agreement
- 2) In respect of Insured Event 3 where the claim is brought within England & Wales and falls outside the jurisdiction of the **Small Claims Court** reasonable legal costs reasonably and proportionately incurred by the **Appointed Advisor** on the Standard Basis and agreed in advance by **us**
- 3) The **Insured's** loss of earnings incurred under Insured Event 2 h)

Limit of Indemnity

The maximum **Legal Costs & Expenses** payable by the **Insurer** in respect of all claims related by time or original cause, is £50,000.

Period of Insurance

The period as shown in **your** Commercial Policy to which this policy attaches

Reasonable Prospects of Success

In civil proceedings and criminal prosecution claims (except where the **Insured** pleads guilty), where the **Insured** has a greater than 50% chance of successfully pursuing or defending their claim. If the **Insured** is seeking damages or

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compensation, there must also be a greater than 50% chance of enforcing any Judgment that might be obtained.

In criminal prosecution claims where the **Insured** pleads guilty, where there is a greater than 50% chance of successfully mitigating the **Insured's** sentence or fine

In tax claims, any dispute or appeal where the **Insured** has a greater than 50% chance of being successful

In all claims involving an appeal, where the **Insured** has a greater than 50% chance of being successful

Small Claims Court

A court in England & Wales that hears a claim falling under the small claims track in the County Court as defined by Section 26.6 (1) of the Civil Procedure Rules 1999

Territorial Limit

For Insured Events 2 and 3 the United Kingdom, Channel Islands, Isle of Man and countries in the European Union
For Insured Event 1 the United Kingdom, Channel Islands and the Isle of Man

We/Us/Our

ARAG plc who are authorised under a binding authority agreement to administer this insurance on behalf of the **Insurer**, Brit Insurance Limited

You/Your

The Company named in the Commercial Policy to which this policy attaches, including any subsidiary &/or associated companies declared to **us**

COMPLAINTS

We are committed to providing a first class service at all times. If, however, a complaint arises, then this should be addressed in the first instance to:

Customer Relations Department, ARAG plc, 9 Whiteladies Road, Clifton, Bristol BS8 1NN who

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will arrange to have **your** case reviewed at the appropriate level.

If a complaint remains unresolved, **you** may ask that the Financial Ombudsman Service to review the case provided that the complaint falls within its jurisdiction. This will not affect **your** legal rights. The Financial Ombudsman Service can normally deal with complaints from private individuals and small businesses with an annual turnover of less than £1 million (for a group of companies, this means a group annual turnover of less than £1 million). The Financial Ombudsman Service can also help with complaints from charities with an annual income of less than £1 million, and from trusts with a net asset value of less than £1 million.

The address is: Financial Ombudsman Service
South Quay Plaza, 183 Marsh Wall, London
E14 9SR. Telephone: 0845 080 1800

www.financial-ombudsman.org.uk

The Financial Ombudsman's Service decision is binding upon the **Insurer**, but the **Insured** is free to reject it without affecting their legal rights.

Save as provided above, in the event that any dispute as to the terms and effect of this Policy remains unresolved then such dispute shall be referred for arbitration to an independent solicitor to be agreed jointly by the parties. In the event that an independent solicitor cannot be agreed upon, then an arbitrator will be appointed by the President for the time being of The Law Society of England & Wales. The arbitration shall be subject to the Arbitration Acts and the arbitrator's decision shall be binding on the parties.

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