



ESSENTIAL BUSINESS LEGAL – SUMMARY OF COVER

Introduction

All businesses have to operate in an increasingly litigious environment. In recent years there has been a huge increase in legislation that businesses must adhere to and this, coupled with an increased awareness of legal rights, makes Commercial Legal protection a must have cover for those unforeseen legal costs that can cripple your business.

You will have the peace of mind that you are fully covered against legal costs that run into thousands thus removing your need to budget for these unforeseen legal costs.

Some facts and figures.....

- 151,000 Employment Tribunals accepted in 2008/ 09 (*Employment Tribunal and EAT Statistics (GB) 1 April 2008 to March 2009*)
- 55,000 Unfair dismissal cases in 2008/ 09; an increase of 22% on previous year (ACAS Annual report 2009)
- In 2008/ 09, there were 1245 offences prosecuted in Great Britain by HSE (HSE Statistics 2010)

What is Essential Business Legal Insurance?

Essential business Legal is a product that provides legal services and insurance. Subject to your reasonable prospects of success*, it will provide legal costs if your business becomes involved in a range of legal disputes. In addition you will benefit from having access to a 24 hour, 365 day legal & Tax helpline**, and a document service for the downloading of legal documents related to your business activities.

*Reasonable Prospects of Success Clause applies as per Policy Wording.

** Tax advice available 9am -5pm Monday to Fri

What does Essential Business Legal Cover?

Essential Business Legal is designed to provide vital protection for all types of businesses regardless of how big or small!

Examples of previous claims covered by this Policy are shown towards the end of this document.

Issued for Secure Underwriting by ARAG plc who are authorised under a binding authority agreement to administer this insurance on behalf of the Insurer, Brit Insurance Ltd

ARAG plc Registered Office: 9 Whiteladies Road, Clifton, Bristol BS8 1NN

Registered in England & Wales Registration No. 2585818

Secure Underwriting, 323 Church Road, St. George, Bristol, BS5 8AA

ARAG plc, Brit Insurance Ltd and Secure Underwriting are authorised and regulated by the Financial Services Authority



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This summary does not contain the full terms and conditions of this insurance contract; these can be found in the Policy document.

Significant Features & Benefits	Significant Exclusions or Limitations	Policy Section
The Insurer will pay the Insured's Legal Costs & Expenses (and Compensation Awards under Insured Event 2) up to the Limit of Indemnity, including the cost of appeals for claims reported during the period insurance for the following Insured Events	<ul style="list-style-type: none"> It must always be more likely than not that the claim will be successful. It must also be reported to us immediately after the Insured first becomes aware that a claim has occurred The Insured must always use the Appointed Advisor nominated by us, prior to the issue of proceedings or in any claim falling under the jurisdiction of an Employment Tribunal or the Small Claims Court Legal Costs, Expenses and Compensation Awards incurred prior to the acceptance of a claim 	WHAT IS INSURED 3) 4) WHAT IS NOT INSURED 1.
Employment We will cover an employment dispute with a past, present or prospective employee, arising from a contract for services and/or statutory employment rights	<ul style="list-style-type: none"> any redundancy related claim occurring within 180 days of you taking out this policy any dispute relating to a transfer under TUPE any dispute or related costs occurring prior to the conclusion of the relevant grievance/disciplinary procedures 	What is not insured under INSURED EVENT 1 1. 2. 3.
Employment Compensation Awards We will pay a basis and compensatory award made against you by a tribunal, damages ordered by a court against you, or an amount agreed by us in settlement of a dispute	<ul style="list-style-type: none"> any claim for redundancy where you have not sought out prior advice any award arising from trade union activities money due to an employee under a contract of employment 	2 EMPLOYMENT COMPENSATION AWARDS (ii) What is not insured under INSURED EVENT 2 1. 2.
Tax Protection We will cover a formal aspect or full enquiry into your business tax affairs, and appeal proceedings following an assessment by HM Revenue & Customs relating to VAT. Cover for the personal tax affairs of directors and partners is also provided	<ul style="list-style-type: none"> an investigation by the Special Civil Investigation Office or the Special Compliance Office of HM Revenue & Customs any claim where you have not complied with statutory timescales the first £250 of any claim relating to a formal aspect enquiry 	What is not insured under INSURED EVENT 3 1. 4. 3 TAX PROTECTION 2.
Property We will cover an event which causes or could cause physical damage to your property, public or private nuisance or trespass and recovery or repossession of property from an employee or ex-employee	<ul style="list-style-type: none"> any claim where a contract exists between you and the third party defending a claim brought against you unless defending a counter-claim 	What is not insured under INSURED EVENT 3 1. 2.
Compliance & Regulation We will cover claims regarding the suspension, revocation or refusal to renew your statutory licence, an event leading to the Insured being prosecuted in a court of criminal jurisdiction, and defence of a civil action brought under the Data Protection Act 1998		

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Significant Features & Benefits	Significant Exclusions or Limitations	Policy Section
<p>Employees' Extra Protection We will cover the defence of an employee in civil proceedings brought for unlawful discrimination, or as a trustee of the company pension fund, or the pursuit of a personal injury claim by an employee or a member of their family</p>		
<p>Contract & Debt Recovery We will cover Contract & Debt Recovery actions.</p>	<ul style="list-style-type: none"> • you are responsible for the first £500 if the amount in dispute exceeds £5000 • computer systems which have been tailored to your requirements • the sale or purchase of any land or buildings • financial products • if the claim occurs in England & Wales and falls outside the jurisdiction of the Small Claims Court, cover is limited to own side's costs only and the insured must enter into a conditional fee agreement with the Appointed Advisor, or the Appointed Advisor must enter into a collective conditional fee agreement with us 	<p>7. CONTRACT & DEBT RECOVERY b)</p> <p>What is not insured under INSURED EVENT 7</p> <p>1. 4. 5.</p> <p>MEANING OF WORDS & TERMS Legal Costs & Expenses 2)</p> <p>WHAT IS INSURED 6)</p>
<p>Legal Document Max Access to 100's of legal documents to aid you with certain legal including employment contracts and health and safety policies</p>	<ul style="list-style-type: none"> • documents are restricted to business matters 	
<p>Legal & Tax Advice The company is entitled to use the Legal helpline service 24 hours a day, 365 days of the year Tax advice is available 9am -5pm Monday to Fri</p>	<ul style="list-style-type: none"> • we will not put any advice in writing • advice will be restricted to business matters 	
<p>Counselling Assistance The Insured is entitled to use the counselling service 24 hours a day, 365 days of the year</p>		
	<p>Territorial Limit For Insured Events 5 - Compliance & Regulation and 7 - Contract & Debt Recovery, the United Kingdom, Channel Islands, Isle of Man and countries in the European Union For all other Insured Events the United Kingdom, Channel Islands and the Isle of Man</p> <p>Limit of Indemnity The maximum the Insurer will pay</p> <p>Period of Insurance 12 months from the start of the policy</p>	<p>MEANING OF WORDS & TERMS</p> <p>MEANING OF WORDS & TERMS</p> <p>MEANING OF WORDS & TERMS</p>

How to make a claim

In the event that you then need to make a claim, or are considering carrying out a redundancy, 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 by telephoning 0117 917 1573 (9am -5pm Monday to Fri) or alternatively on line at www.arag.co.uk/newclaims. Please have your policy Schedule to hand.

For legal advice 24/7 phone 0844 5810400.

Calls may be recorded for quality control and training purposes.

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.

Claims Examples

Employment

An employee of an insured turned up to a construction site intoxicated. This was not the first time this had happened and the employee had previously received a final written warning that any further incident, given the nature of his job, would constitute gross misconduct and would lead to his immediate dismissal. Given this, the insured terminated the employee's employment on the grounds of gross misconduct. He was given time to appeal the decision but decided not to. The insured later received notification from an employment tribunal that the former employee had made a claim against them for unfair dismissal.

ARAG received the claim details from the insured and instructed an approved specialist employment solicitor from its panel. The solicitor took instructions from the insured and responded to the employment tribunal defending the claim in full. The former employee refused to withdraw his claim and the matter proceeded to an employment tribunal hearing. Our insured was successful and the claimant's claim was dismissed. ARAG settled the solicitor's fees of £2,500 in full.

Employment Compensation Awards

Our insured, following a down turn in business, consulted ARAG who, through its agents, sanctioned the procedure proposed for making redundancies at one of its sites. The insured followed the legal advice given and made five people redundant after a period of consultation and job assessment. Unfortunately, one of the former employees felt aggrieved and submitted an application to the employment tribunal making a claim for unfair selection for redundancy.

After ARAG received notification of the claim, it appointed one of its specialist employment solicitors to act for the insured. They confirmed that the insured had followed accepted procedure and gave the claim excellent prospects of success. However, on the day of the Tribunal hearing, the decision went against the insured and the Tribunal made an award of £1,000 for compensation. ARAG agreed to meet both this and the solicitor's fees of £2,000. Whilst the solicitors felt that the tribunal had made an erroneous decision, it was decided by ARAG, on this occasion, to accept the decision and not make an appeal given the costs involved.

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Tax Protection

An insured received a letter from HM Revenue & Customs confirming that they had considered the insured's tax return for the previous year and they intended to make a full enquiry into the same. The insured forwarded the details to ARAG who passed the claim onto a specialist tax consultant. After extensive investigation, HM Revenue & Customs confirmed that the insured's return was in order and they had paid the appropriate tax for the year in question. ARAG settled the tax consultant's invoice for £6,750.

Property

An insured runs a small manufacturing business from purpose built premises on a small industrial estate. Adjacent to the premises is a second hand car dealership. On numerous occasions the dealership had been parking stock on the insured's property and obstructing access. The insured contacted the ARAG legal advice line who advised they had a potential claim. This was passed to a specialist solicitor who successfully pursued the claim. ARAG paid the solicitors costs of £2300 plus VAT.

Compliance and Regulation

Following an accident at a construction site (which left an employee seriously injured) the Health & Safety Executive charged our Insured with breaches of health and safety regulations. ARAG was advised of the claim and instructed a specialist solicitor with expertise in this area. The solicitors defended the charges as it was found that the employee was the author of his own misfortune which led to the accident. ARAG settled the solicitor's fees of £2,350.

Employees' Extra Protection

A foreman of the Insured was named in an employment tribunal claim for race discrimination by a former employee. It was alleged that racial abuse was given to the former employee by the foreman before the former employee found alternative employment. The foreman denied such allegations and the insured agreed to pass the matter to ARAG to assist the foreman.

ARAG appointed an approved specialist employment solicitor to act. They were successful in persuading the claimant to discontinue the claim at an early stage as he was unable to produce any evidence of the allegations made. ARAG settled the solicitor's fees of £750 in full.

Contract

Our Insured hired a number of diggers for a new construction site, which they paid for in advance and agreed a specific date of arrival so they were able to complete the work within their contracted time. The diggers arrived two days late causing the Insured to complete two days late and in turn resulting in a cost penalty to the insured. They therefore wrote to ARAG making a claim for breach of contract against the hire company.

ARAG instructed a specialist contract solicitor who pursued the claim against the hire company. After a short period of correspondence, the hire company admitted liability and compensated the insured for the losses they had incurred. They also agreed to meet the legal costs incurred.

Debt

The insured agreed to a new contract for construction work and agreed that they would be paid in instalments for the job. After completing the work they were contracted to do, the final instalment for payment of £10,000 was not forthcoming. They wrote to ARAG making a claim for debt recovery.

ARAG instructed a solicitor who pursued the debtor for the monies owed. It turned out the company who owed the money had a cash flow problem and it was agreed that they would make two payments of £5,000 to the insured to pay the debt plus interest on the debt. ARAG paid the solicitor's fees of £950.