

How To Use Your Legal Expenses Insurance

Important Information

The notes that follow are intended as a guide; the full terms and conditions are contained in the Policy. If you have any queries please contact us, Abbey Legal Protection, telephone 0870 600 1480.

Legal Advice

You can obtain telephone based legal advice on UK law by telephoning the Abbey Legal Line. Telephone the number shown on your Policy Schedule and quote your policy number.

Advice can be sought on a wide range of areas of law, including employment, health and safety and tax. The advice is provided by barristers, solicitors and tax consultants and is confidential and impartial. In the interests of monitoring the quality of legal advice given, conversations may be recorded.

The Abbey Legal Line is not empowered to give advice on the admissibility of any Claim under the Policy. If you wish to make a Claim or have a query about policy cover, you must contact our Claims Department (see below).

You can also seek Stress Counselling Advice by calling the number shown on your Policy Schedule.

Claims

If you need to notify a possible claim, please write immediately to our Claims Department (Abbey Legal Protection, Minorities House, 2 - 5 Minorities, London EC3N 1BJ or fax 0870 600 1481). You should provide your Policy number and brief details of the circumstances. A claim form will be sent to you for completion and this must be returned without delay. Please note that in certain circumstances (as shown on the Schedule) Abbey Legal Protection will choose a suitable legal representative to act on your behalf.

Special Conditions

Employment Disputes

We will only agree to cover your Claim if you have sought and followed advice from the Abbey Legal Line and obtained their authorisation:

- a) prior to carrying out any disciplinary procedure or action or suspension of an Employee;
- b) prior to dismissal of an Employee;
- c) prior to notifying an Employee of their intended retirement date or retiring an Employee;
- d) prior to instituting a redundancy programme and prior to making an Employee redundant;
- e) upon notification formally or informally of a grievance from an Employee or ex-Employee;
- f) upon notification formally or informally of a complaint of a sexual, racial or religious discrimination or discrimination relating to disability, age or sexual orientation;
- g) prior to any adverse variation or proposed adverse variation of the terms and conditions of employment (including altering the hours or time or place worked or demotion or deduction from or reduction in an Employee's remuneration);
- h) immediately an Employee walks out with or without written notice;
- i) upon receipt of an appeal from an Employee or ex-Employee against a decision taken as a result of a disciplinary or grievance procedure or retirement procedure or a decision to dismiss.

Undisputed Debts

An undisputed debt must be referred to the Debt Collection Service within 30 days after the date the invoice was due for payment.

The Debt Collection Service is provided by a debt collection organisation which is not part of Abbey Legal Protection but it can be accessed by telephoning the Abbey Legal Line and asking to be transferred to the Debt Collection Service.

You must utilise the services of the Debt Collection Service at your own cost. The fee charged by the Debt Collection Service is a percentage of the amount of the debt recovered from the debtor. The policy does not cover this fee.

If the Debt Collection Service recommends legal proceedings against the debtor to recover the debt, you must immediately submit a Claim under the Contract Disputes Section of Cover. You should contact our Claims Department for a Claim Form.

If at any time an undisputed debt referred to the Debt Collection Service becomes disputed, you must contact our Claims Department.

Cooling Off Period

If you are an individual acting for purposes outside of your trade, business or profession then you have a right to change your mind and cancel this insurance with effect from inception. You may change your mind within 14 days of insuring or within 14 days of receiving full policy documents by writing to Abbey Legal Protection requesting cancellation and returning the policy documents to Abbey Legal Protection, Minorities House, 2-5 Minorities, London EC3N 1BJ. No charge will be made and any premium you have paid will be refunded.

Legal Protection Policy Wording

This is a "claims made" insurance. This insurance only covers Claims notified to the Coverholder during the Period of Insurance. The Insured has submitted a written proposal and declaration or renewal declaration to the Insurer and it is agreed this shall form the basis for the issue of this Policy.

The Insurer agrees in consideration of the premium to indemnify the Insured to the extent and in the manner provided within this Policy in connection with activities within the scope and extent of the Business Description of the Insured.

Unless expressly stated nothing in this Policy will create rights pursuant to the Contracts (Rights of Third Parties) Act 1999.

Definitions

Acts of Parliament

All Acts of Parliament referred to in this Policy shall include any subsequent amendments, re-enactments or regulations and equivalent legislation enforceable within the Territorial Limits.

Any One Claim

All Claims consequent upon the same original cause, event or circumstance. In respect of a Claim under Section D Tax Protection, an HMRC investigation into a later year's Self Assessment Return, where a previous year's Self Assessment Return is still subject to an open enquiry, shall be deemed to be Any One Claim.

Appointed Representative

A consultant, solicitor, barrister or other appropriately qualified person appointed to act for the Insured in accordance with the terms of this Policy.

Awards of Compensation

Basic and Compensatory Awards and compensation for unlawful discrimination made against the Insured by an Employment Tribunal or settlement thereof subject to the consent of the Coverholder but not including Additional Awards, Protective Awards, Interim Relief, Arrears of Pay or Awards of Damages under the Equal Pay Act or arising out of failure to comply with awards in respect of reinstatement or re-engagement. The Insurer will not pay any fine, award or damages incurred by deliberately avoiding a payment or liability under statutory requirements. The Insurer will not pay any redundancy payment or any monies due or properly payable arising under or from a contract of employment, service agreement or related document or from any related, implied or incorporated terms of a contract of service.

Business Description

As specified in the Schedule.

Claim

A claim under this Policy for Legal Expenses, Professional Expenses, Awards of Compensation or Jury Service Allowance.

Client Company

A company or business to whom the Insured has supplied a worker or Employee where the Insured has no financial connections with the Employee or worker or control over their day to day working activities.

Contracting Party

A person, firm or company domiciled within the Territorial Limits with whom the Insured has a direct contractual relationship.

Coverholder

Abbey Legal Protection a trading division of Abbey Protection Group Limited, who administers and manages this insurance on behalf of the Insurer.

Debt Collection Service

The debt collection service nominated by the Coverholder.

Due Date

The date monies owed to the Insured first becomes due and payable.

Employee

Any person under a contract of service with the Insured.

Excess

The amount specified in the Schedule the Insured must pay in respect of Legal Expenses and/or Professional Expenses and/or Awards of Compensation in respect of Any One Claim before the Insurer shall be liable to make any payment.

Increased Excess

The amount specified in the Schedule the Insured must pay in respect of Legal Expenses and/or Professional Expenses and/or Awards of Compensation in respect of Any One Claim before the Insurer shall be liable to make any payment if the Insured instructs an alternative Appointed Representative to the one chosen by the Coverholder.

Injury

Physical bodily injury or death.

Insured

The Company, firm, partnership or trading individual as specified in the Schedule and except where the Insured is charged under the Corporate Manslaughter and Corporate Homicide Act 2007 and at the Insured's request any Employee including director or partner of the Insured.

Inland Revenue Investigations**(i) Business Self Assessment Full Enquiry**

The investigation which takes place when an officer of HM Revenue & Customs ("HMRC") makes a request to examine all of the Insured's business books and records and issues a formal notice under S9A or S12AC of the Taxes Management Act 1970 or under Paragraph 24(1) Schedule 18 Finance Act 1998.

(ii) Employer Compliance Dispute The enquiries which take place following an expression of dissatisfaction with the Insured's PAYE and/or NIC affairs following an employer compliance visit by HMRC or following an expression of dissatisfaction with the Insured's P11Ds or P9Ds.

(iii) Business Self Assessment Aspect Enquiry The enquiry which takes place when an officer of HMRC issues a formal notice under Paragraph 24(1) Schedule 18 Finance Act 1998 or S9A or S12AC of the Taxes Management Act 1970 in order to make an Aspect Enquiry into only certain boxes on the Insured's Self Assessment Return.

HMRC Investigation

Inland Revenue Investigations and VAT Disputes.

Insurer

Brit Insurance Limited, 55 Bishopsgate, London EC2N 3AS.

Jury Service Allowance

The amount of money per day the Insured is liable to pay the Employee each day they attend on jury service less any recovery from the Court.

Legal Expenses**a) Fees**

Any professional fees, expenses and other disbursements reasonably incurred by the Appointed Representative with the consent of the Coverholder; and Any costs incurred by other parties insofar as the Insured is held liable in court or tribunal proceedings to pay such costs or becomes liable to pay such costs under a settlement made with another party with the consent of the Coverholder but excluding any costs which the Insured may be ordered to pay by a court of criminal jurisdiction.

b) Witness Attendance Allowance

The amount of money per day the Insured is liable to pay the Employee each day they are required by the Appointed Representative to attend as a witness at a court or tribunal hearing. Indemnity limited to £100 per day and a maximum of £1,000 in Any One Claim.

Minimum Sum in Dispute

The sum in dispute between the Insured and the Contracting Party as specified in the Schedule below which the Insurer shall not be liable to provide indemnity.

Period of Insurance

As specified in the Schedule.

Professional Expenses

Any fees, expenses and other disbursements reasonably incurred by the Appointed Representative with the consent of the Coverholder but excluding any tax or VAT, additional tax or VAT, interest or penalties demanded, assessed or required by the relevant authorities or other penalties imposed by a court of criminal jurisdiction.

Property

Land and/or buildings owned or occupied by the Insured or otherwise for which the Insured is legally responsible.

Statutory Licence

A licence or certificate of registration issued under statute, statutory instrument or by a Government or local authority to the Insured provided that such licence or certificate is necessary to engage in the Business Description of the Insured and the licence or certificate has been declared to the Insurer in the proposal form or renewal declaration.

Territorial Limits

As specified in the Schedule.

VAT Disputes

The enquiries which take place following a written decision, assessment or statement of alleged arrears made by HMRC into the Insured's Value Added Tax Return and/or any related Value Added Tax default, surcharges and misdeclaration penalties.

Limits of Insurer's Liability

The maximum liability of the Insurer under this Policy is limited to the amounts specified in the Schedule for 1 and 2 below:

1. Any One Claim
2. All Claims notified during the Period of Insurance.

Sections of Cover

The Sections of Cover applicable are as specified in the Schedule.

The Insurer will only indemnify the Insured for Claims where the dispute, legal proceedings and HMRC Investigation are or would be within the Territorial Limits and the Claim is notified during the Period of Insurance.

Section A - Contract Disputes

The Insurer agrees to indemnify the Insured against Legal Expenses incurred in the pursuit or defence of any dispute or legal proceedings made by or brought against the Insured in a contractual dispute with a Contracting Party over a contract for the sale of goods or a contract for the hire of goods or a contract for the supply of a service within the meaning laid down in the Sale of Goods Act 1979, and/or the Supply of Goods and Services Act 1982 provided that:

- a) Legal Expenses incurred in the pursuit of any dispute or legal proceedings shall be limited to 75% of the amount in dispute;
- b) the amount in dispute exceeds the Minimum Sum in Dispute;
- c) where the contract is a construction contract as defined by the Housing Grants, Construction and Regeneration Act 1996 the construction operations are carried out or are to be carried out by the Contracting Party on property owned by the Insured and the contract is incidental to the Insured's Business Description;
- d) where the dispute relates to monies owed to the Insured and such liability is not contested the Insured refers the debt to the Debt Collection Service within 30 days of the Due Date and agrees use of the service shall be paid for by the Insured and not indemnified by the Insurer. If the Debt Collection Service exhausts its normal recovery procedure and recommends to the Coverholder that legal proceedings are necessary, the Insured shall immediately notify a Claim under this Section of Cover.

Exclusions to Section A

The Insurer shall not be liable to indemnify the Insured in respect of Claims arising out of or in connection with:

- a) contracts that provide or arrange credit, insurance, securities or guarantees;
- b) contracts where the liability or right of recovery of the Insured is incurred through their agent or by assignment;
- c) franchise contracts;
- d) contracts governed by or alleged to be governed by the Consumer Credit Act 1974;
- e) contracts of employment except for the pursuit of Legal Proceedings against an employee or ex-employee who has breached the terms of a restrictive covenant incorporated in the contract of employment;
- f) contracts for the use of Property.

Section B - Criminal Prosecution

The Insurer agrees to indemnify the Insured against Legal Expenses incurred in:

- (i) defending a prosecution against the Insured in a court of criminal jurisdiction;
- (ii) an appeal by the Insured against the service of an Improvement or Prohibition Notice under the Health & Safety at Work Act 1974 or the Food Safety Act 1990.

Exclusions To Section B

The Insurer shall not be liable to indemnify the Insured in respect of Claims arising out of or in connection with:

- a) any prosecution relating to or arising from investigations by HMRC;
- b) any prosecution for offences against the person, including offences of a sexual nature, other than charges under the Corporate Manslaughter and Corporate Homicide Act 2007;
- c) any prosecution for criminal damage;
- d) any prosecution alleging dishonesty;
- e) any prosecution for non-endorsable road traffic offences except tachograph prosecutions and weight prosecutions;
- f) an allegation of speeding or driving whilst under the influence of alcohol and/or drugs;
- g) failure to insure a motor vehicle as required by law.

Section C - Employment Disputes

The Insurer agrees to indemnify the Insured against Legal Expenses and Awards of Compensation incurred by the Insured in defending legal proceedings brought against the Insured by an Employee, ex-Employee or prospective Employee in respect of their contract of employment with the Insured or a breach of employment related legislation.

It is a condition precedent to the Insurer's liability that the Insured has sought and followed all the advice from the Abbey Legal Line as to the procedure to be adopted and has received specific authorisation from the Abbey Legal Line:

- a) prior to carrying out any disciplinary procedure or action or suspension of an Employee;
- b) prior to dismissal of an Employee;
- c) prior to notifying an Employee of their intended retirement date or retiring an Employee;
- d) prior to instituting a redundancy programme and prior to making an Employee redundant;
- e) upon notification formally or informally of a grievance from an Employee or ex-Employee;
- f) upon notification formally or informally of a complaint of sexual, racial or religious discrimination or discrimination relating to disability, age or sexual orientation;
- g) prior to any adverse variation or proposed adverse variation of the terms and conditions of employment (including altering the hours or time or place worked or demotion or deduction from or reduction in an Employee's remuneration);
- h) immediately an Employee walks out with or without written notice;
- i) upon receipt of an appeal from an Employee or ex-Employee against a decision taken as a result of a disciplinary or grievance procedure or retirement procedure or a decision to dismiss.

This condition shall not apply if the Insured is or has been unaware of the existence of circumstances leading to the dismissal of a worker or Employee placed with a Client Company of the Insured, provided that once the existence of such circumstances becomes known to the Insured, advice is sought as above and the claim is immediately notified to the Coverholder.

Section D - Tax Protection

Section D1 - Inland Revenue Investigations

The Insurer agrees to indemnify the Insured against Professional Expenses incurred in respect of representation of the Insured in an Inland Revenue Investigation including representation at an HMRC tribunal or Commissioners' hearing and at an appeal against a decision following such a hearing or tribunal provided that in the case of an Employer Compliance Dispute there is a reasonable prospect of reducing the liabilities alleged by HMRC.

Section D2 - VAT Disputes

The Insurer agrees to indemnify the Insured against Professional Expenses incurred in representation of the Insured in a VAT

Dispute in respect of:

- (i) the local review procedure in order to reach agreement with HMRC;
 - (ii) a VAT and Duties Tribunal or other HMRC hearing or tribunal, including an appeal;
- provided that there is a reasonable prospect of reducing the liabilities alleged by HMRC.

Exclusions to Section D

The Insurer shall not be liable to indemnify the Insured in respect of:

- a) technical or routine treatment of matters not connected with nor arising out of an expression of dissatisfaction with the Insured's affairs;
- b) the defence of any criminal prosecution;
- c) taxation proceedings which arise out of negligent misstatements or omissions made by or on behalf of the Insured in respect of returns or accounts or where there has been a lack of reasonable care in the keeping of business books and records;
- d) any HMRC Investigation which results solely from investigation of earlier accounts or records;
- e) any Claim where the Tax Return is submitted outside the statutory time limits and/or in a penalty position;
- f) the preparation and/or correction of Self Assessment Returns, accounts, Income Tax Returns, P11Ds, P35s, VAT returns or any other statutory returns;
- g) any investigation undertaken by the Special Civil Investigations or Criminal Investigations offices of HMRC or where a Notice 730 or Code of Practice 8 or 9 Notice has been issued by HMRC;
- h) an enquiry into the validity of a claim for Working Families Tax Credit or a dispute concerning the payment of the Working Families Tax Credit by an Employer;
- i) any dispute in connection with the payment of the National Minimum Wage;

- j) a dispute or enquiry in respect of IR35 legislation;
- k) any claim made where a Return submitted at the final filing date contains provisional figures in respect of all of the trading income and expenditure items;
- l) an investigation arising out of a voluntary disclosure made to the HMRC in respect of omitted tax, NIC or VAT liabilities which become due as a result of the Insured's deliberate act;
- m) an investigation by HMRC into a tax planning arrangement where the Anti Avoidance Intelligence Unit of HMRC has allocated a number for inclusion on the relevant Self Assessment Return.

Section E - Property Disputes

The Insurer agrees to indemnify the Insured against Legal Expenses incurred in any dispute or legal proceedings made by or brought against the Insured:

- i) over the physical possession of the Property provided that all statutory and contractual notices have been correctly served by the Insured;
- ii) over the terms of a tenancy agreement between the Insured and a Contracting Party relating to the use or maintenance of the Property including dilapidations;
- iii) other than with a tenant over the actual or alleged negligence, damage or nuisance to the Property, provided that the Insured will suffer financial loss if the Insured fails to pursue or defend the dispute or legal proceedings.

Exclusions to Section E

The Insurer shall not be liable to indemnify the Insured in respect of any Claim arising out of or in connection with:

- a) the payment or non payment or review of any tax, rent or service charge;
- b) a dispute relating to planning or building regulations or decisions or compulsory purchase orders or any actual, planned or proposed works by or under the order of any government or public or local authority;
- c) any dispute arising from the negotiation, review or renewal of a tenancy agreement or the subsequent purchase of the Property whether or not such purchase is completed;
- d) any dispute where the Insured has failed to maintain in full force and effect during the tenancy agreement buildings insurance covering the standard range of perils if the Insured was contractually obligated to have such insurance in force;
- e) a dispute over subsidence or heave howsoever caused;
- f) a contract dispute other than where the contract is a tenancy agreement with a Contracting Party.

Section F - Data Protection

The Insurer agrees to indemnify the Insured against Legal Expenses incurred in defending any dispute or legal proceedings brought against the Insured under the Data Protection Act 1998 including an appeal by the Insured against a refusal of an application for registration or alteration of registered particulars or an appeal against an Enforcement, Deregistration or Transfer Prohibition Notice.

The Insurer further agrees to indemnify the Insured against compensation the Insured is ordered to pay under Section 13 of the Data Protection Act 1998 consequent upon the holding, loss or unauthorised disclosure of data provided that any compensation follows the Insured's unsuccessful defence of an action under the Data Protection Act 1998 to which the Coverholder's consent had been granted and has not been withdrawn.

Section G - Statutory Licence

The Insurer agrees to indemnify the Insured against Legal Expenses incurred in an appeal by the Insured against the suspension, revocation, imposed alteration of or refusal to renew a Statutory Licence.

Exclusions to Section G

The Insurer shall not be liable to indemnify the Insured in respect of any Claim arising out of or in connection with:

- a) any disciplinary or internal procedures conducted by authorities charged with the regulation of the Insured in the performance of their Business Description or for any appeal following such procedures;
- b) a suspension, revocation, alteration or refusal to renew a Statutory Licence which is imposed by Act of Parliament;
- c) any costs incurred to comply with a notice or order;
- d) driving licences.

Section H - Personal Injury

The Insurer agrees to indemnify the Insured against Legal Expenses incurred in the pursuit of any dispute or legal proceedings for damages for Injury to the Insured caused by the actual or alleged act or omission of a third party.

Section I - Wrongful Arrest Defence

The Insurer agrees to indemnify the Insured against Legal Expenses incurred in the defence of civil legal proceedings against the Insured in respect of allegations of wrongful arrest or malicious prosecution.

Exclusions to Section I

The Insurer shall not be liable to indemnify the Insured in respect of any Claim arising out of or in connection with:

- a) allegations made by or against or on behalf of an Employee or former Employee or any other person working for the Insured whether or not an Employee.

Section J - Jury Service Allowance

The Insurer agrees to indemnify the Insured against Jury Service Allowance with such indemnity being limited to £100 per day and a maximum of £1,000 in Any One Claim.

Section K - Pension Trustee Defence

The Insurer agrees to indemnify the Insured against Legal Expenses incurred in defending civil proceedings against the Insured in the Insured's capacity as a trustee of a pension fund set up for the benefit of the Insured's Employees.

General Exclusions

The Insurer shall not be liable to indemnify the Insured in respect of:

1. the defence of the Insured in civil legal proceedings arising from:
 - i. injury or disease including psychiatric injury and stress;
 - ii. loss, destruction or damage of or to property;
 - iii. alleged breach of any professional duty;
 - iv. any tortious liability (other than as specified in Section E Property Disputes and Section K Pension Trustee Defence);
2. any dispute, legal proceedings or HMRC Investigation made, brought or commenced outside the Territorial Limits;
3. Legal Expenses or Professional Expenses incurred without the prior written consent of the Coverholder or in excess of the Coverholder's consent;
4. Awards of Compensation where the Coverholder's consent to incur Legal Expenses has not been granted or has been withdrawn;
5. any Claim relating to or arising from any cause, event or circumstance occurring prior to or existing at inception of this Policy and which has or which the Insured knew or ought reasonably to have known may give rise to a dispute, legal proceedings or HMRC Investigation by or against the Insured;
6. fines or other penalties imposed by a court or tribunal;
7. any dispute, legal proceedings or HMRC Investigation in respect of which the Insured is, or but for the existence of this Policy would be, entitled to indemnity under any insurance policy whether a legal expenses insurance or not or under a legal aid certificate or representation order;
8. any Claim arising out of the deliberate, conscious, intentional or negligent disregard by the Insured of the need to take all reasonable steps to avoid and prevent Claims, disputes, legal proceedings or HMRC Investigations;
9. any dispute or legal proceedings with Government or Local Authority departments concerning the imposition of statutory charges;
10. disputes or legal proceedings between Insureds as specified in the Schedule or any endorsement thereto, or with any parent company or subsidiary company or associated company or partner;
11. any dispute between the Insured and the Coverholder, the Insurer, the Appointed Representative or their insurance broker;
- 12.a. any dispute or legal proceedings arising out of breach or alleged breach of confidentiality or passing off whether related to intellectual property or not;

12.b. any dispute or legal proceedings arising out of the ownership or existence of any intellectual property rights;

13. any dispute or legal proceedings arising out of or in connection with actual or alleged defamation or malicious falsehood;

14. any Legal Expenses or Professional Expenses incurred in respect of or in connection with a judicial review ;

15. appeals arising out of legal proceedings or HMRC Investigations to which no Coverholder's consent has been granted;

16. any claim, consequential loss, legal liability or any loss or damage to property directly or indirectly caused by or contributed to by seepage, pollution or contamination of any kind;

17. any Legal Expenses or Professional Expenses which the Insured should or would have had to incur irrespective of any dispute;

18. any expense, consequential loss, legal liability or any loss or damage to property directly or indirectly caused by or contributed to by:

a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;

b) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

19. any loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with (including any action taken in controlling, preventing, suppressing or in any way relating to) any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

b) any act of terrorism.

For the purposes of this exclusion an act of terrorism means an act including but not limited to the use of force or violence and/or the threat thereof, any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public in fear.

General Conditions

1. Arbitration

Any dispute between the Insured and the Insurer shall be referred to a single arbitrator who shall be either a solicitor or barrister agreed upon by both parties or failing agreement one who is nominated by the President of the appropriate Law Society or by the Bar Council or appropriate professional body within England & Wales. The apportionment of the costs of the arbitration shall be determined by the arbitrator.

2. Cancellation

This Policy may be cancelled at any time on the Insured's written instructions and the premium shall be adjusted on the basis of the Insurer receiving or retaining a pro rata time on risk premium plus 20% of the unexpired premium. Where 75% or more of the Period of Insurance has expired the Insurer shall receive or retain the full premium.

This Policy may also be cancelled by the Insurer giving thirty days notice in writing to the Insured or their insurance broker at either the Insured's or their insurance broker's last known address and the premium hereon shall be adjusted on the basis of the Insurer receiving or retaining pro rata time on risk premium. If the Insured is placed in liquidation, receivership or administration or adjudicated bankruptcy or if any application is made to the court or meeting convened for any such purpose, this Policy will lapse and the Insured will be entitled to a pro rata return of premium less 20% of the unexpired premium.

Provided always that no return of premium shall be allowed if the Insured has notified a Claim.

3. Cooling Off

If the Insured is an individual who is acting for purposes outside their trade, business or profession then the Insured may cancel this Policy with effect from inception. The Insured has a right to cancel within 14 days of insuring or within 14 days of receiving full policy documents by writing to the Coverholder requesting cancellation and returning the policy documents to Abbey Legal Protection, Minorities House, 2-5 Minorities, London EC3N 1BJ. No charge will be made and any premium paid by the Insured will be refunded.

4. Alteration of Risk

The Insured must notify the Coverholder immediately in writing of any alteration in risk that materially affects this insurance.

5. Due Observance

The Insured must act with due diligence and at all times act and comply with all the terms, conditions and provisos under this Policy.

6. Proper Law

The parties are free to choose the law applicable to this Policy. Unless specifically agreed to the contrary this insurance shall be subject to the Laws of England and Wales.

7. Data Protection Act 1998

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

Claims Conditions

1. Notification of Claims

It is a condition precedent to the liability of the Insurer that the Coverholder be notified in writing during the Period of Insurance immediately the Insured is aware of any cause, event or circumstance which has given or may give rise to a Claim, dispute, legal proceedings or HMRC Investigation involving the Insured. Where such notification has been given, the Insurer agrees to treat any subsequent Claim in respect of the cause, event or circumstance notified as though the Claim had been notified during the Period of Insurance. The Coverholder will forward to the Insured an insurance claim form that must be completed and returned immediately.

2. Coverholder's Consent

It is a condition precedent to the liability of the Insurer that their consent to incur Legal Expenses or Professional Expenses must firstly be obtained in writing. This consent will be given by the Coverholder on behalf of the Insurer if the Insured can satisfy the Coverholder that:

- a) it is reasonable to incur Legal Expenses or Professional Expenses having regard to the proportionality between the remedy claimed and the Legal Expenses or Professional Expenses to be incurred and;
- b)
 - i. where the Insured is pursuing there are reasonable prospects of proving the other party's legal liability and of recovering the damages claimed or other legal remedy sought
 - or
 - ii. where the Insured is defending the other party does not have reasonable prospects of proving the Insured's legal liability
 - or
 - iii. in respect of a criminal prosecution and where the Insured pleads guilty there is a reasonable prospect of a significant mitigation of the Insured's sentence or fine.

If during the course of a Claim the Insured ceases to satisfy the Coverholder in respect of a) or b) above, indemnity will be withdrawn in respect of Legal Expenses and Professional Expenses and Awards of Compensation. The decision to grant consent or to withhold it will be taken on receipt of:

- a. fully completed insurance claim form;
- b. the information and documentation the Coverholder reasonably requests;
- c. legal opinion from the Appointed Representative as to a) and b) above;
- d. any advice the Coverholder may deem it necessary to take.

With the agreement of the Insured, the Coverholder may provide assistance in settling disputes, the costs of which will be covered under this Policy subject to the payment of the Excess or Increased Excess within the Limits of Insurer's Liability.

The Coverholder at its discretion may require the Insured to obtain an opinion from Counsel at the Insured's expense as to the merits of the subject matter of the Claim such opinion to have regard to the same issues that the Coverholder has in assessing the merits of any legal action. If based upon such opinion the Coverholder is satisfied in respect of a) and b) above the Legal Expenses and Professional Expenses in obtaining that opinion will be paid by the Insurer within the Limits of the Insurer's Liability.

In granting its consent the Insurer undertakes to provide indemnity to the Insured subject to the terms and conditions of this Policy and its Schedule but such consent does not imply that all Legal Expenses or Professional Expenses or Awards of Compensation will be paid. In particular Legal Expenses or Professional Expenses for matters that go beyond the immediate scope of the Claim shall be deemed by the Insurer to fall outside the indemnity provided by this Policy.

The Coverholder reserves the right to limit its consent by time and/or financial amount of Legal Expenses or Professional Expenses and/or stage of proceedings to allow for a review of their continued consent.

If after consent has been granted it is shown that the Claim has not been brought within the terms and conditions of this Policy and its Schedule the Coverholder's consent will be withdrawn and no indemnity shall be provided. The Insurer shall be entitled to recover any Legal Expenses, Professional Expenses, Awards of Compensation and Jury Service Allowance previously paid.

If the Insured elects to proceed with the pursuit or defence of a dispute or legal proceedings to which the Coverholder's consent has been refused through lack of reasonable prospects as required in b) i. and ii. above and if the Insured is successful in such pursuit or defence, the Insurer will pay Legal Expenses or Professional Expenses incurred after such consent had been refused subject to the terms and conditions of this Policy.

3. Instruction and choice of Appointed Representative and Counsel

The Coverholder will choose an Appointed Representative to act on behalf of the Insured in any Claim under certain Sections as specified in the Schedule.

Where recourse is necessary to a lawyer and proceedings are issued, the Insured is free to choose an Appointed Representative to act in the name of and on behalf of the Insured in any legal proceedings to which the Coverholder has consented subject to the Increased Excess. Where a Claim is made by the Insured named on the Schedule and an Employee (including a director or partner of the Insured) then the Employee must appoint the same Appointed Representative as the Insured. The name and address of the Appointed Representative the Insured proposes to instruct must be notified to the Coverholder in writing. The Coverholder will accept such nomination provided the Coverholder is satisfied the proposed Appointed Representative will co-operate and enable the Insured to comply with the terms and conditions of this policy and provided the proposed Appointed Representative's charging rates are fair and reasonable in regard to the particular legal proceedings.

In all other claims the Coverholder will choose the Appointed Representative subject to the Excess.

A dispute arising from the Insured's choice may be referred to Arbitration in accordance with General Condition 1. The Insured must not, without the written consent of the Coverholder, enter into any agreement with the Appointed Representative as to the basis of calculation of Legal Expenses. The Coverholder may withdraw consent previously given at any time.

In selecting the Appointed Representative the Insured shall have regard to its duty to minimise the cost of any Claim.

In all cases the Appointed Representative shall be appointed in the name of and on behalf of the Insured. If in the course of any Claim the Appointed Representative wishes to instruct Counsel or an expert, Counsel's or the expert's name and an explanation of the necessity for such instruction must be submitted to the Coverholder for consent to the proposed instruction which will not be unreasonably withheld.

4. Disclosure

It is a condition precedent to the Insurer's liability that:

- a) the Insured must give the Appointed Representative and the Coverholder all necessary help and information including a complete and truthful account of the facts of the case and all relevant documentary or other evidence in the Insured's possession. The Insured must provide, obtain or execute all documents as necessary and attend meetings or conferences as requested.
- b) the Coverholder is entitled to receive from the Appointed Representative and Insured any information, documents or advice in connection with any Claim and the subject matter of any Claim even if privileged. In addition the Insured must instruct the Appointed Representative to provide the Coverholder with regular updates on the progress of the subject matter of any Claim and inform the Coverholder immediately if and when any circumstance adversely impacts the factors taken into account in granting the Coverholder's

consent. On request the Insured will give to the Appointed Representative any instructions necessary to secure the required access.

Indemnity may be withdrawn if the Insured fails to co-operate at all or within a reasonable time with the Coverholder's or the Appointed Representative's requests.

5. Payment of Legal Expenses, Professional Expenses and Awards of Compensation

All bills for Legal Expenses or Professional Expenses which the Insured receives from the Appointed Representative should be forwarded to the Coverholder without delay. If the Coverholder so requires the Insured must ask the Appointed Representative to submit the bill of costs for assessment or certification by the appropriate Law Society, court or tribunal.

The Insured is responsible for payment of all Legal Expenses or Professional Expenses or Awards of Compensation. The Insurer may settle these direct if requested by the Insured to do so. The payment of some Legal Expenses or Professional Expenses does not imply that all Legal Expenses or Professional Expenses or Awards of Compensation will be paid.

6. Offer of Settlement

It is a condition precedent to the liability of the Insurer that the Insured must inform the Coverholder in writing as soon as an offer to settle the subject matter of the Claim is received and/or the Insured proposes to make an offer of settlement. In any settlement, the Insured must have regard to Legal Expenses, Professional Expenses or Awards of Compensation incurred or likely to be incurred and the recovery thereof.

No indemnity will be provided if the Insured enters into any agreement to settle without the prior written consent of the Coverholder (such consent not to be unreasonably withheld) and the Insurer shall be entitled to recover any Legal Expenses or Professional Expenses or Awards of Compensation previously paid. If the Insured unreasonably rejects an offer of settlement which the Coverholder recommends acceptance of or makes an offer which the Coverholder does not agree with no further indemnity shall be provided.

The Insurer may at its absolute discretion decide to pay the Insured the amount of damages that the Insured is claiming or is being claimed against the Insured instead of indemnifying the Insured for Legal Expenses, Professional Expenses or Awards of Compensation. Where the Insurer exercises this discretion the Insurer will cease to be liable for any further Legal Expenses, Professional Expenses or Awards of Compensation.

7. Recovery of Costs

Whenever the Insured is awarded costs or under the terms of any settlement where costs are included, those costs are to be repaid to the Insurer. The Insured and their Appointed Representative must make every effort to make a full recovery of costs.

Where a settlement purports to be a global or a without costs settlement or where costs are awarded but not recovered, the Insured agrees that a fair and reasonable proportion of that settlement will be deemed costs and due to the Insurer. Where such a settlement is paid in instalments all costs to the Insurer shall be paid first.

8. Appeal Procedure

If, following legal proceedings to which the Coverholder has consented, the Insured wishes to appeal against the judgment or decision of a court or tribunal, the grounds for such appeal must be submitted to the Coverholder through the Appointed Representative immediately or as soon as practicable so that the Coverholder may consider whether to consent to such further action. If an appeal is lodged against a judgment or decision of a court or tribunal made in favour of the Insured following legal proceedings to which the Coverholder has consented, the Insured must notify the Coverholder immediately in order that cover shall continue. The Coverholder will inform the Appointed Representative of its decision. If the Coverholder so requires it the Insured must co-operate in an appeal against the judgment or decision of a court or tribunal.

9. Duty to Minimise

The Insured must take all reasonable precautions to avoid and prevent Claims, HMRC Investigations, legal proceedings and disputes. The Insured must use every endeavour and take all reasonable measures to minimise the cost and effect of any Claim.

10. Fraudulent Claims

If the Insured makes any request for payment under this Policy knowing it to be fraudulent or false in any respect or ought reasonably in the circumstances to know it to be fraudulent or false or where there is collusion between any parties to the dispute, this Policy shall become void and any premiums paid shall be forfeited and the Insurer shall be entitled to recover any Legal Expenses, Professional Expenses, Awards of Compensation and Jury Service Allowance previously paid.

11. Insolvency or Liquidation of the Insured

If the Insured becomes insolvent or is placed in liquidation, receivership, administration or bankruptcy or enters into a voluntary arrangement or deed of arrangement or if any application is made to the court or meeting convened for any such purpose the Insurer has the right to immediately cease to provide indemnity for Legal Expenses, Awards of Compensation and Professional Expenses notwithstanding any previous consent the Coverholder may have granted.

12. Value Added Tax

If the Insured is registered for VAT, the Insurer will not pay the VAT element of any Legal Expenses or Professional Expenses.

Complaints

The Coverholder is dedicated to providing high quality service and wants to ensure it maintains this at all times. If the Insured is not satisfied with any part of the service they have received then they should write to the Coverholder who will do their best to resolve the problem. In the first instance please contact:

**The Customer Services Manager
Abbey Legal Protection
Minorities House
2-5 Minorities
London EC3N 1BJ
Tel: 0870 600 1480
Fax: 0870 600 1481**

The Coverholder is authorised and regulated by the Financial Services Authority. Firm Number: 308829
In the event the Insured remains dissatisfied and wishes to pursue matters further they may be able to refer the matter to the Financial Ombudsman Service.

The Financial Ombudsman Service can normally deal with complaints from private individuals and from 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. Their details are as follows:

**Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR
Tel: 0845 080 1800
www.financial-ombudsman.org.uk**

This procedure will not prejudice the Insured's right to take legal proceedings.

Financial Services Compensation Scheme

In the event the Insurer fails to meet its obligations and the Insured has turnover or income of less than £1 million a year the Insured may be eligible for compensation from the Financial Services Compensation Scheme.

Communications

Initial notification of a Claim must be made in writing by first class post or facsimile to the Coverholder by addressing it to:

**Abbey Legal Protection
Minories House
2-5 Minories
London
EC3N 1BJ
Tel: 0870 600 1480
Fax: 0870 600 1481**

All notices and communications from the Insurer or their representatives to the Insured shall be deemed to have been duly sent if sent to the Insured's address as last declared to the Coverholder or, in relation to any matters arising out of any Claim, if sent to the Appointed Representative.

All notices and communications from the Insured or the Appointed Representative to the Insurer shall be deemed to have been duly sent if sent to the Coverholder at the above address.