



This document is not intended for customer use.

It should be used for the management of the product by ARAG and their Business Partner only.

Distributor Product Information

Commercial Legal Expenses Insurance (E-Trade)

Product information

Commercial Legal Expenses Insurance provides policyholders with access to telephone legal advice along with insurance cover for legal costs and expenses following specified legal problems affecting their business.

Coverage for specified legal problems is detailed individually within the policy's terms and conditions, and as specified on the Policy Schedule. Products could include cover for the following legal problems dependent upon design, for example, Employment Disputes and Compensation Awards, Legal Defence and Contract Disputes.

Our predefined coverage products (Trades and Professions, Small Business, Commercial Property Owners), and our entirely bespoke product (Commercial Options - whose coverages may be tailored to policyholder requirements), are available via the electronic platforms. Distributor policy documents contain specific policy conditions and terms.

Helpline services are also available for a variety of specialisms.

Online law guide and document drafting gives policyholders access to legal guidance for dealing with a range of issues.

Commercial Legal Expenses Insurance approved distribution approach is as a commercial product sold on a standalone basis. However, it is usually sold alongside a Commercial combined policy. It can also be purchased at a policyholder's renewal or added mid-term.

Commercial Legal Expenses Insurance can be sold via Acturis and the ARAG portal.

Who can buy this product

The policy can only be sold to policyholders in the United Kingdom of Great Britain and Northern

Ireland, the Isle of Man and the Channel Islands.

For all insured incidents the territorial limits shown in the policy documents will apply to claims under this cover. Individual policy documents contain specific policy conditions and terms.

Etrade has two platforms, Acturis and ARAG's own platform, ARAG Connect. Through these two platforms, ARAG can ensure the required underwriting and selection criteria are maintained.

These products are system controlled to ensure that commission values over 50% cannot be charged.

These products are system controlled to ensure that policies are not sold to business categories that ARAG deem to be excluded trades.

Roles and Responsibilities

Commercial Legal Expenses Insurance is underwritten by ARAG Legal Expenses Insurance Company Limited and distributed through Business Partners.

- The policy is sold to commercial customers via Business Partners.
- The policy administration is undertaken by Business Partners.
- Sales complaints are handled by the Business Partner through which the policy was purchased.
- Claims complaints are handled by ARAG.
- Legal advice is provided by ARAG or a third party on our behalf.
- Claims handling is undertaken by ARAG or a third party on our behalf.

Target Market

This type of insurance is suitable for commercial businesses (with a turnover of less than £50m) who



wish to have access to legal advice and protection for themselves from the cost of unforeseen legal issues related to legal problems of a specific type covered by the policy.

Product Specific targeting:

- **Trades and Professions Legal Expenses Insurance**
Targeted at sole proprietors, tradespeople or professionals with a turnover below £5m
- **Commercial Property Owners Legal Expenses Insurance**
Targeted at businesses with a turnover below £5m and a primary business activity relating to let properties
- **Small Business Legal Expenses Insurance**
Targeted at small business owners such as shops, offices, surgeries etc. with a turnover below £5m
- **Commercial Options Legal Expenses Insurance**
Targeted at larger businesses with a turnover above £5m and which require a bespoke cover. The product is limited to a maximum turnover of £50m or a wage roll of £20m

Types of customers for whom the product would be unsuitable

The product is not suitable for personal customers – this product is designed only for customers purchasing on behalf of a business.

Circumstances where the customer will be deemed ineligible:

- The policyholder is aware of any circumstances that may give rise to a claim
- In the last 3 years the business has been taken over, merged with, acquired or disposed of any companies or significant business activities, or are currently considering any of these
- Any proposer, director or partner of the business (or its Subsidiary Companies) has ever, either personally or in any business capacity, had any convictions or criminal offences which are not spent under the Rehabilitation of Offenders Act or has any prosecutions pending
- The proposer, director or partner of the business (or its Subsidiary Companies) has ever, either personally or in any business capacity, been declared bankrupt or insolvent or been the subject of bankruptcy proceedings or insolvency proceedings

Any notable exclusions or circumstances where the product will not respond

- Claims which do not arise directly in connection with the insured business
- Any claim which is not reported within a reasonable time of it happening, and where this adversely affects prospects of success or prejudices our position.
- Civil cases where the lawyer appointed for the policyholder does not believe they will be more likely than not to win their case. This does not apply under Commercial Options for Crisis Containment, Legal Defence or Employment Disputes and Compensation awards other than Employment Restrictive Covenants claims, if operative
- Costs incurred before ARAG have agreed to cover the claim
- Legal problems that started before the date the cover begins
- Costs and compensation awards which exceed the policy limits, as stated in the policy wording, for any one claim
- Fines, penalties, compensation or damages the policyholder is ordered to pay by a court or other authority other than compensation awards covered under Employment Disputes and Compensation Awards and Legal Defence
- The use of the policyholder's own lawyer. ARAG will appoint a preferred lawyer or other professional for the policyholder. The policyholder may choose their own lawyer when legal proceedings start or if there is a conflict of interest unless ARAG are liable for a compensation award under the policy
- If ARAG agree the policyholder can choose their own lawyer, any costs above what ARAG would have paid our preferred lawyers (this amount may vary from time to time)

Other information which may be relevant to distributors

Distributor Value Impacts:

As a distributor we remind you of your responsibility in relation to the Fair Value of the ARAG products that you distribute. Examples of distributor influences on Fair Value include but are not limited to;



- Remuneration – high commission levels or fees may reduce the value of this product for the customer.
- Duplicate product sales – sales where the customer may have cover elsewhere and is therefore unable to fully utilise the ARAG product would negatively impact value.
- Sales to ineligible customers and sales to customers outside of the product target market would lead to poor value for those customers.
- Ensuring accurate product information and promotion will aid customers’ understanding of the product benefits and lead to better awareness and in turn more customers utilising the product. This should be considered both through the sales journey and in any marketing literature and “How to claim” online pages and guides. ARAG provides both training and marketing support material to enable distributors to maximise customer understanding.
- Facilitation of customer marketing communications on legal risk management and legal processes (e.g. prospects of success) is recommended. Legal Advice should be featured prominently as an effective tool in this respect.
- Providing customer data to ARAG to facilitate cover validation can enhance the service provision and ensure customers are receiving maximum value from the product as soon as possible.

Intended Product Value Statement:

The intended product value of Commercial Legal Expenses Insurance is to enable policyholder’s access to legal advice and solicitor services in a convenient and cost effective way.

Our Fair Value Assessment and Product Review are then designed to ensure that this value statement remains true.

Product Approval Process Overview

ARAG operates a multi gate sign off process for all new products and product changes assessed as significant adaptations.

We have the following areas of accountability:

- The Product Governance Team provide product oversight and are responsible for Product Reviews and Fair Value Assessments
- Technical and Trading Underwriting conduct technical performance reviews which form part of the ARAG Product level Review
- The Product Governance Forum provides approval and oversight for new products, product development, and ongoing approval of existing products via the Product Review Process

Products will be reviewed at least every 12 months or more frequently if any areas of concern are highlighted.