



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 (Scheme)*

### 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.

Cover for specified legal problems is detailed individually within a scheme's terms and condition. Products could include cover for the following legal problems dependent upon design for example Employment Disputes and Compensation Awards, Legal Defence and Contract Disputes.

Each insured incident is optional so the scheme's cover may be tailored to the Distributor's requirements. 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 an opt-in basis (where the policyholder chooses to add the cover to their commercial insurance policy).

A mandatory basis of sale (where the cost of this cover is already included in the main Commercial Insurance policy premium) is only appropriate under certain circumstances.

### Who can buy this product

The policy can only be sold to policyholders registered 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.

### Roles and Responsibilities

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

- The policy is sold to commercial customers via Business Partners/Brokers.
- The policy administration is undertaken by distributors.
- Sales complaints are handled by the distributor 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 the small and medium enterprise (SME) segment. Preferred risks include SMEs (non-large corporates), SMEs of no more than 150 employees and the self-employed 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.

### Types of customers for whom the product would be unsuitable

Personal customers – this product is designed only for policyholders purchasing on behalf of a business.



## 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 51% or more likely to win the case
- 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.