

Legal expenses insurance OK1

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1 Legal expenses insurance cover

Legal expenses insurance covers the insured's necessary and reasonable legal expenses in accordance with the insurance contract between LocalTapiola and the policyholder.

2 Legal expenses insurance terminology

In addition to the following terminology, the terms and concepts defined in LocalTapiola's general terms and conditions are applied to legal expenses insurance.

Underinsurance is defined in section 6.4.6 of these terms and conditions of legal expenses insurance.

Deductible is defined in section 6.4.5 of these terms and conditions of legal expenses insurance.

The insured are:

- the policyholder
- the organisation specified in the insurance policy or a special clause contained therein.

In addition, the insured include

- persons employed by the organisations mentioned above
- such unpaid or occasional performers of work, for whose actions the insured organisation is liable under valid legislation if they cause loss or damage
- independent entrepreneurs comparable to employees, for whose actions the insured organisation is liable under valid legislation if they cause loss or damage
- a general partner or a shareholder, when the matter relates to a legal act carried out or undertaking given in the name of, on behalf of, or for the benefit of, the insured organisation, or when a claim is directed at him or her under joint and several liability with the insured organisation.

Insured event

In disputed civil cases and non-contentious civil cases:

- the arising of a dispute.

A dispute arises when a demand has been disputed on its grounds and on the amount.

In criminal cases:

- when the insured is the complainant, a criminal case becoming pending (Criminal Procedure Act (11 July 1997 / 689) Chapter 5, Section 1).
- the complainant pressing charges or continuing the prosecution against the insured after the public prosecutor has decided not to press charges or has withdrawn the charges. Charges have been pressed when the application for a summons by the complainant has been brought to the registry of the district court. When the public prosecutor has withdrawn the charges, the indictment continues when the complainant has notified the court of law in writing of his intention to press charges.

3 Territorial scope of legal expenses insurance

Legal expenses insurance is valid in the geographical area specified in the insurance policy.

4 Coverable damages

Legal expenses insurance covers any necessary and reasonable legal expenses incurred by the insured in the insured business when the insured event has occurred during the period of validity of the insurance and the case can be directly brought before a district court or a corresponding foreign court of first instance, or arbitration, within the territorial scope of the insurance.

However, if this insurance has been valid for less than two years at the time of the insured event, any circumstance on which the dispute, claim or charge is based must have occurred during the validity period of the insurance. The period of validity is defined as the period when this policy, alone or consecutively with previous terminated legal expenses insurance policies with equivalent content, has continued to be in force uninterrupted for the benefit of the insured. However, if several legal expenses insurance policies are valid at the time of the occurrence of an insured event, only this insurance policy is included in the period of validity.

However, if, on the occurrence of an insured event, the insured has several effective legal expenses insurance policies, only the period of validity of this insurance is to be taken into account.

Extension of insurance cover refers to the increase of the sum insured, the extension of the territory of validity or the industry of the insured, or the addition of special terms or conditions related to issues including but not limited to the compensability of expenses to the adverse party.

5 Exclusions to legal expenses insurance

5.1 Exclusions to insured events

The insurance does not cover expenses incurred by the insured in cases

5.1.1 relating to the transfer or acquisition of the insured organisation, or of the shares entitling to the ownership of the company or of the partnership of the organisation.

5.1.2 relating to a patent, trademark, copyright, copyright of a design, right to a utility model or other intellectual property right except for a trade name

5.1.3 the matter is of minor importance to the insured

5.1.4 in which the parties insured under this insurance policy are opposing parties; however, the insurance shall cover the expenses of the insured organisation when the opposing party is a natural person

5.1.5 concerning a receivable or a claim that has been transferred to the insured, unless two years have elapsed from the transfer at the time of the dispute arising

5.1.6 concerning a legal person's penal liability

5.1.7 concerning a restraining order

5.1.8 the case concerns an action for damages presented against the insured based on an act for which the insured has been sentenced to a punishment or for which charges have not been pressed or the sentence has been waived on the basis of special regulations. However, the insurance shall cover the expenses of the insured organization if, as regards the insured, the case relates to employer's contingent liability.

5.1.9 concerning an action for damages presented by the insured based on an act for which the insured has been sentenced to a punishment or for which charges have not been pressed or the sentence has been waived on the basis of special regulations

5.1.10 in which the costs incurred by the insured are subject to compensation under liability insurance or legal expenses insurance included in motor vehicle insurance

5.1.11 concerning bankruptcy or recovery proceedings or being related to these, such as action for recovery based on the Act on the Recovery of Assets to a Bankruptcy Estate, contested enforcement referred to in the Enforcement Code or an execution related to enforcement

5.1.12 concerning corporate restructuring or personal debt restructuring in accordance with applicable laws, or voluntary debt restructuring of a farmer in accordance with the Act on the Financing of Rural Industries

5.1.13 concerning whether the expenses arising from the insured event reported by the insured are fully or partially compensable under this legal expenses insurance

5.1.14 being processed as a class action and in which the insured is a claimant or a class member

5.1.15 handled by administrative authorities or in special courts. Also, the insurance shall not cover expenses in matters that are handled by the European Court of Human Rights, European Court of Justice, or Court of First Instance of the European Communities.

Administrative authorities or special courts include the County Administrative Board, Administrative Court, Insurance Court, Labour Court, Market Court, or the Supreme Administrative Court, or similar foreign courts or administrative authorities.

However, compensation is payable under the insurance for expenses incurred by the insured in disputes at the Market Court related to trade names, as well as disputes related to other intellectual property rights, if this extension of coverage is stated in the insurance policy.

5.1.16 relating to a tenancy of residential or business premises owned by the insured when the matter concerns cancellation of the tenancy, eviction of the tenant or the amount or payment of rent.

5.1.17 where the public prosecutor has pressed charges against the insured. No compensation is paid even if the court later was to dismiss the charges and waives the sentence of the insured.

5.2 Exclusions to coverable expenses:

The insurance shall not cover

5.2.1 expenses incurred from measures undertaken before the insured event or preliminary settlement of the matter. However, clarifications prepared and evidence obtained before the insured event are covered if such clarification has been used as evidence.

5.2.2 the opposing party's legal expenses that the insured is ordered to pay or has agreed to pay

5.2.3 expenses related to the enforcement of the sentence or court verdict

5.2.4 loss of time, loss of work or income, travel or accommodation expenses of the insured, or extra costs caused by changing the insured's legal representative or through actions of the insured that increase expenses or cause unnecessary expenses

5.2.5 expenses related to acquiring expert legal opinion

5.2.6 expenses related to reporting a crime or requesting an investigation, or expenses incurred in a pre-trial investigation

5.2.7 expenses related to such matters or evidence that the court dismisses due to it having been presented too late

5.2.8 expenses caused by the insured or his or her representative by failing to appear in court, failing to follow orders of the court or by presenting a statement that they knew or should have known to be unwarranted, or by otherwise delaying the legal proceedings intentionally or through negligence

5.2.9 expenses from legal proceedings that the insured or his or her representative have initiated without the opposing party giving cause for them to do so, or from having otherwise intentionally or through negligence caused unnecessary legal proceedings

5.2.10 arbitrator's fee and expenses

5.2.11 expenses resulting from application for public legal aid

Expenses resulting from using additional means for appeal shall be compensated for only if the Supreme Court or a corresponding foreign court has approved the complaint, reversed the judgement or restored the lapsed time.

6 Indemnification regulations for legal expenses insurance

When calculating the amount of compensation, LocalTapiola's general terms and conditions are complied with. In addition, the following shall be complied with as regards indemnification under legal expenses insurance:

6.1 Notification of an insured event

An insured event must be reported to LocalTapiola immediately and before any legal expenses are incurred. The policyholder and the insured must, at its own cost, supply LocalTapiola with any documents and information relevant to enable LocalTapiola to determine its liability.

6.2 Insured's legal representative

The insured shall use the legal representation of an attorney at law or other lawyer who is entitled to act as a legal representative or assistant in accordance with valid legislation in the country where the legal proceedings are to take place, providing that the country is within the territorial scope of the insurance. No compensation shall be paid under the insurance if the insured does not use a representative at all or uses a representative other than that stated above.

6.3 Obligations of the insured in a trial

In cases that have progressed to a main hearing at a district court, as well as in arbitration, the insured must demand full compensation for legal expenses from the opposing party.

If the insured fails to present an expense claim and does not give a well-founded reason for this or abandons it without reason, the compensation may be reduced or denied. In the court mediation in accordance with the Act on mediation in civil matters (and confirmation of settlements) in general courts, it is not necessary to demand compensation for the expenses caused to the insured by the mediation.

The insured is not entitled to accept the amount of expenses incurred in handling the matter in a manner that is binding upon LocalTapiola. If the insured has paid his or her own legal expenses, the amount paid shall not be binding upon LocalTapiola when assessing whether the legal expenses are reasonable.

If the opposing party has been ordered to pay, or has undertaken to pay, compensation for expenses to the insured that are still outstanding when the compensation payment is made under the insurance, the insured is liable to transfer his or her right to the compensation for expenses up to the amount of the compensation payable to LocalTapiola. If the insured has had to pay some of his or her expenses himself or herself because the expenses exceed the insured sum stated in the insurance policy, the insured shall be liable to transfer to LocalTapiola the proportion of the opposing party's compensation for expenses that exceeds that paid by the insured.

If the opposing party has been ordered to pay compensation for expenses or has agreed to do so and this compensation has been paid by the opposing party to the insured or the insured has otherwise had it reimbursed, the insured must reimburse LocalTapiola for the compensation for expenses, with interest, up to the amount of compensation paid from the insurance. For payment of the compensation, the insured must also deliver a judgement fit to function as grounds for recovery.

6.4 Amount of indemnity under legal expenses insurance

6.4.1 Maximum indemnity under legal expenses insurance

Under legal expenses insurance, the sum insured is the total maximum indemnity per one insured event and per several insured events occurring during one insurance period.

The following are considered a single occurrence of an insured event: when two or more of the parties insured under this policy are on the same side in a disputed civil case, criminal case or non-contentious civil case; or the insured has several disputed civil cases, criminal cases or non-contentious civil cases that are based on the same event, circumstance, legal act or violation of the law. In the insured's matters, it is also considered a single occurrence of an insured event when the lawsuits have been combined or they should be combined in legal proceedings due to them essentially arising from the same grounds or concerning the same matter or an interrelated matter.

6.4.2 Coverable legal expenses

Compensation for legal expenses covered by the insurance is payable in accordance with the provisions pertaining to legal expenses of the Code of Judicial Procedure and the Criminal Procedure Act.

If a court of law has not issued a verdict on the legal expenses as a result of admission by the parties or for any other reason, or if the matter has been resolved in accordance with the admission or through mediation, the compensable expenses shall be determined by also taking into account the expenses usually awarded or paid in similar cases.

Compensation shall be paid to cover the reasonable costs of a representative's work and necessary expenses. The value of the benefit under dispute, the complexity and scope of the case, and the amount and quality of services provided shall be taken into account in assessing the reasonability of the fee and expenses.

Compensable expenses shall be considered to be, at a maximum, the amount of expenses ordered by a court of law to be paid by the counterpart of the insured, unless the court of law has specifically deemed that, for the grounds presented in its decision, the insured must incur its expenses completely or partially as his or her own loss. However, the compensable expenses are maximum the claim the insured has presented to the opposing party.

The insurance shall cover up to double the amount of the disputed benefit assessed in monetary terms. However, the maximum coverage shall be the sum insured entered in the insurance policy. If the subject of the dispute is a recurring payment, the maximum amount of damage shall be ten times the disputed single payment.

When assessing the amount of benefit, neither interest nor legal expense claims shall be taken into account.

6.4.2.1 Compensable expenses in civil cases and non-contentious civil cases

The insurance shall cover expenses incurred in using a legal representative and in presenting evidence.

If the matter has been handled in court mediation, the insurance shall also cover the insured's proportion of the fees and the expenses of the mediator's assistant, if any, divided per capita among the parties of the dispute.

If a civil case between the insured and a private entrepreneur or a legal person as a counterpart has been handled in other voluntary mediation, the insurance shall also cover the insured's proportion of the mediator's fee, divided per capita among the parties of the dispute. Compensation of the mediator's fee requires that the mediator is an attorney at law or a lawyer.

If the prerequisite event for bringing the dispute before a court of law is a legal act or a decision made by a body or in proceedings, the expenses shall be compensated for from the date on which the said prerequisite event has occurred.

6.4.2.2 Coverable expenses in a criminal case

If the insured is the complainant, the insurance shall cover legal expenses incurred in using legal representation and testifying to the extent that the legal proceedings concern the insured's claim for damages other than legal expenses under civil law resulting from a crime.

If the insured is the defendant, the insurance shall cover legal expenses incurred in using legal representation and testifying when the matter involves the complainant pressing charges against the insured in a case in which the public prosecutor has decided not to press charges or has withdrawn the charges.

6.4.2.3 Coverable expenses in appeals to the Supreme Court

If an appeal to the Supreme Court or a corresponding foreign court requires leave to appeal, the costs incurred as a result of the appeal are compensated for only in the event that the leave has been granted.

6.4.3 Joint sphere of influence

If the case essentially concerns anything other than the insured's own interest, or the insured has a common interest in the insured event with parties other than those insured under this policy, the insurance shall cover only the proportion of the expenses considered to be the insured's portion.

6.4.4 Value added tax

If the insured is entitled to deduct value added tax included in an invoice for legal services or in legal expenses under the Value Added Tax Act, the value added tax included in the expenses is deducted from the compensation.

6.4.5 Deductible

The deductible is the portion of damage specified in the policy or a special clause that is the responsibility of the insured and not covered by the policy. When calculating the compensation, the deductible is deducted from the compensable damage after other possible deductions.

6.4.6 Underinsurance

Underinsurance refers to a situation where the financial indicator reported by the policyholder and specified in the policy document as a basis for a legal expenses insurance premium is lower than the actual value of the indicator.

In cases of underinsurance, legal expenses insurance only covers the part of the loss indicated by the ratio of the reported financial indicator value to the actual financial indicator value.

6.5 Indemnification time

The insurance company will pay the insured compensation for the legal expenses and fees after the court has rendered its final verdict or after a board decision or a settlement has been reached. If there are no major counter-charges, the insurance company will also pay compensation after the case has been handled at each level of jurisdiction. In addition, the insurance company may pay preliminary compensation at its own discretion if the courts take a very long time to handle the case.

In case of any dispute under these terms and conditions the original Finnish wording shall prevail.

Insurance is granted by the following mutual insurance companies in LocalTapiola Group (business ID):

LähiTapiola **Etelä** (0139557-7) | LähiTapiola **Etelä-Pohjanmaa** (0178281-7) | LokalTapiola **Sydkusten** -
LähiTapiola **Etelärannikko** (0135987-5) | LähiTapiola **Itä** (2246442-0) | LähiTapiola **Kaakkois-Suomi**
(0225907-5) | LähiTapiola **Kainuu-Koillismaa** (0210339-6) | LähiTapiola **Keski-Suomi** (0208463-1) |
LähiTapiola **Lappi** (0277001-7) | LähiTapiola **Loimi-Häme** (0134859-4) | LähiTapiola **Länsi-Suomi** (0134099-8) |
LähiTapiola **Pirkanmaa** (0205843-3) | LokalTapiola **Österbotten** - LähiTapiola **Pohjanmaa** (0180953-0) |
LähiTapiola **Pohjoinen** (2235550-7) | LähiTapiola **Pääkaupunkiseutu** (2647339-1) | LähiTapiola **Savo**
(1759597-9) | LähiTapiola **Savo-Karjala** (0218612-8) | LähiTapiola **Uusimaa** (0224469-0) |
LähiTapiola **Varsinais-Suomi** (0204067-1) | LähiTapiola **Vellamo** (0282283-3) |
LocalTapiola General Mutual Insurance Company (0211034-2)

The companies' contact details are available at www.lahitapiola.fi.

