

# Legal Expense Insurance

Beazley now includes Legal Expense Insurance with every new business and renewal quotation for small businesses with annual gross sales and/or receipts of \$10,000,000 or less.

## What is Legal Expense Insurance?

Legal Expense Insurance (LEI) is not liability insurance. It provides indemnity for the legal fees and expenses of a lawyer for specified matters set out in the policy. These matters are not generally covered by commercial liability insurance.

In addition, LEI policyholders have the benefit of the Telephone Legal Advisory (TLA) service which provides access to a lawyer for immediate legal advice on any business related matter. This is a toll free service and the calls are unlimited in number and duration. The benefits of TLA include risk management guidance.

## What cover is provided?

There are 6 Insuring Clauses: **Contract Disputes, Employment Disputes, Criminal Defence, Property Disputes, Personal Injury and Tax Disputes.** See overleaf for details.

## What types of matters are covered?

### **Contract Disputes i.e. Disputes with suppliers relating to the purchase, lease or rental of goods and/or services**

The corporation takes delivery of goods from a supplier but the goods were faulty. The corporation refuses to pay the invoice and is taken to court by the supplier. The policy provides legal representation to defend the action.

### **Employment Disputes i.e. Defence of disputes with employees of the corporation arising from their contract of employment**

The corporation employs a secretary whose performance and attendance has become unsatisfactory due in some part to personal problems. After discussions and several letters trying to resolve the matter the corporation determines it is necessary to terminate the employment. The Insured consults with the Telephone Legal Advisory service and receives advice on the correct procedure to do this. The employee claims wrongful termination and the corporation is provided with legal representation to defend the action.

### **Criminal Defence i.e. Defence against a formal investigation and/or prosecution arising from criminal or statutory proceedings (Health & Safety etc.) and relating to the business activity**

The corporation is investigated by health and safety authorities concerning a number of perceived breaches of the regulations. Legal representation is provided to assist in refuting the breaches.

### **Property Disputes i.e. Disputes relating to the occupation/use of business premises; Nuisance or trespass claims; physical damage to property**

The landlord of the corporation's commercial premises sought to impose some new regulations on all tenants which would restrict the use of the building and parking facility. When the corporation refused to comply with these unilateral changes the Landlord instructed lawyers to threaten a lawsuit. A lawyer was appointed on behalf of the corporation who averted such action by arguing successfully that such a variation to the lease was unlawful.

### **Personal Injury i.e. Pursuit of a claim for damages relating to injuries sustained by any employee of the corporation while engaged in work related activities away from the place of work**

An employee trips over an uneven surface while delivering products to a customer of the corporation and suffers a broken ankle and facial lacerations. Legal assistance is provided to recover damages for the injuries sustained.

### **Tax Disputes i.e. Financial advice and assistance for any Tax Audit**

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## Beazley Canada

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[www.beazley.ca](http://www.beazley.ca)

# Legal Expense Insurance (continued)

<b>Synopsis of Coverage</b>	<b>Indemnity Limits</b>
<p><b>Contact Disputes</b></p> <p>Pursuit or defence of contractual disputes relating to the sale, purchase, lease or rental of goods or the provision of services (e.g. disputes with customers/suppliers, defence against claims of poor workmanship)</p> <p>N.B. The contract must be entered into during the policy period or during any continuous period of coverage, and the legal fees and expenses are limited to 75% of the amount in dispute. The sum in dispute must exceed \$5000</p>	<ul style="list-style-type: none"> <li>• \$50,000 per claim, to an annual total expense of \$100,000 for reasonable legal fees (at a rate of up to \$275/hour)</li> <li>• Legal proceedings must commence in Canada</li> <li>• \$500 excess any one claim (not applicable to TLA)</li> <li>• 10% co-insurance for Legal Fees and Expenses in excess of \$10,000</li> <li>• No payment for awards, damages, fines or penalties</li> </ul>
<p><b>Employment Disputes</b></p> <p>Defence of any dispute with an employee (e.g. defence against wrongful dismissal charges, discrimination)</p> <p>N.B. There is a ninety day waiting period from inception of the policy before this section of coverage takes effect.</p> <p>Your client is required to contact TRITON Claims Canada before taking any actions with respect to a contentious employment matter. Your client will receive telephone legal advice with respect to the issue and your client must follow the recommendations given.</p>	<b>Appointment of Lawyer</b>
<p><b>Criminal Defence</b></p> <p>Defence of criminal or statutory proceedings (e.g. Criminal Code (Canada), Occupational Health and Safety Act)</p>	<ul style="list-style-type: none"> <li>• Selected from an approved panel of law firms with expert knowledge of commercial matters/disputes</li> <li>• Appointed to represent Insured</li> <li>• Legal fees paid to a maximum hourly rate of \$275</li> </ul>
<p><b>Property Disputes</b></p> <p>Pursuit or defence of disputes relating to freehold/leasehold property including damage by a third party to that property (e.g. landlord and tenant disputes, nuisance and trespass)</p>	<b>Principal Exclusions</b>
<p><b>Personal Injury</b></p> <p>Pursuit of claims for compensation relating to death or bodily injury sustained away from the workplace but while engaged in business activities.</p> <p>N.B. This coverage extends to any employee acting within the scope of their employment.</p>	<ul style="list-style-type: none"> <li>• Actions against TRITON or Underwriters</li> <li>• Judicial Review</li> <li>• Pre-existing matters</li> <li>• Legal fees incurred prior to approval</li> <li>• Employment disputes occurring within the initial 90 days of coverage</li> <li>• Matters relating to assault, violence, fraud, conspiracy to defraud or dishonesty</li> <li>• Any dispute between the Insured and any parent, subsidiary or associated company or partner</li> <li>• Debt recovery</li> <li>• Preparation of tax returns</li> </ul>
<p><b>Tax Disputes</b></p> <p>Defence of a Tax Audit arising out of any tax return submitted to the Canadian Revenue Agency or other similar Canadian provincial agency.</p>	<b>Eligibility</b>
<b>Toll-Free Telephone Legal Advisory Service</b>	<ul style="list-style-type: none"> <li>• Small to medium sized business with gross sales/receipts up to \$10M</li> <li>• The CLEI is available to all clients with a general commercial or errors &amp; omissions policy.</li> </ul>
<p>This service provides unlimited access to a lawyer for immediate general advice on any commercial matter and is available between the hours of 8.00 am and 5.00 pm. This service is provided on behalf of Underwriters by TRITON Claims Canada.</p>	

Underwritten by certain Underwriters at Lloyd's of London and serviced in Canada by TRITON.

For product assistance please contact Beazley Canada Limited.



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