

# Business Legal Policy Document



Supporting the hair, beauty  
and barbering industries

# Business Legal

Please read this policy carefully and in full to familiarise yourself with the terms and conditions, as well as the claims procedure.

If you are unsure about anything in this document please contact Ellis Whittam.

Your policy provides access to the Ellis Whittam Advisory Service 24/7 year round telephone advice line. This service provides advice on employment matters in the UK.

The telephone number to call is **01244 687 600** and you will need your membership number to access the advice.

## UK tax advice

9am to 5pm weekdays **01244 687 600**

## Restrictive Covenant Support

If your employee breaks a clause in their contract that prevents them from, for example, poaching clients or staff or setting up their own business nearby, our legal experts can help with:

- For a fixed fee of £400 (+VAT) per employee, a strongly worded letter to the ex-employee plus brief written advice on the likely success of a claim against them.
- For a highly competitive fee, support during any court action and claim for damages.

If you would like more information on this service please call **01244 687 600** between 9am and 5pm weekdays.

## Main benefits of Business Legal

Protection for legal costs arising from:

- employment disputes
- tax investigations & VAT disputes.

## Who is ARAG?

ARAG plc is part of the global ARAG Group, the largest family-owned enterprise in the German insurance industry. Founded in 1935, on the principle that every citizen should be able to assert their legal rights, ARAG now employs 4,000 people around the world and generates premium income in excess of €1.8 billion.

Operating in the UK since 2006, ARAG plc provides a comprehensive suite of “before-the-event” and “after-the-event” legal insurance products and assistance solutions to protect both businesses and individuals.



# Important information

## Claims procedure

### Telling us about your claim

If an **insured** needs to make a claim, they must notify Ellis Whittam as soon as possible.

### The contact details are:

Ellis Whittam Ltd - Woodhouse - Aldford - Chester - Cheshire CH3 6JD

Tel: 01244 687 600 - Fax: 0345 226 8384

Ellis Whittam will then notify **us** on your behalf and arrange for a claims form to be sent to the **insured**.


### Legal and tax advice 01244 687 600

If you have a legal or tax problem relating to your business, we recommend you call our confidential legal and tax advice helpline. Legal advice is available 24 hours a day, 365 days of the year, and tax advice is available between 9am and 5pm on weekdays (except bank holidays).

We give advice about business-related legal matters within UK and EU law and tax matters within the UK.

Your query will be dealt with by a qualified specialist who is experienced in handling legal and tax-related matters.

## Privacy statement

This is a summary of how **we** collect, use, share and store personal information. To view **our** full privacy statement, please see **our** website  [www.arag.co.uk](http://www.arag.co.uk)

### Collecting personal information

ARAG may be required to collect certain personal or sensitive information which may include name, address, date of birth and if appropriate medical information. **We** will hold and process this information in accordance with all relevant data protection regulations and legislation. Should **we** ask for personal or sensitive information, **we** undertake that it shall only be used in accordance with **our** privacy statement.

**We** may also collect information for other parties such as suppliers **we** appoint to process the handling of a claim.

### Using personal or sensitive information

The reason **we** collect personal or sensitive information is to fulfil **our** contractual and regulatory obligations in providing this insurance product, for example to process premium or handle a claim. To fulfil these obligations, **we** may need to share personal or sensitive information with other organisations.

**We** will not disclose personal or sensitive information for any purpose other than the purpose for which it was collected.

Please refer to **our** full privacy statement for full details.

### Keeping personal information

**We** shall not keep personal information for any longer than necessary.

### Your rights

Any person insured by this policy has a number of rights in relation to how **we** hold personal data including; the right to a copy of the personal data **we** hold; the right to object to the use of personal data or the withdrawal of previously given consent; the right to have personal data deleted.



For a full list of privacy rights and when we will not be able to delete personal data, please refer to our full [privacy statement](#).

## What happens if the insurer cannot meet its liabilities?

The insurer ARAG Allgemeine Versicherungs-AG Branch United Kingdom is covered by the Financial Services Compensation Scheme (FSCS). Claimants may be entitled to compensation of up to 90% of the cost of their claim, in the unlikely event that the insurer cannot meet its obligations. Further information about compensation scheme arrangements is available at [www.fscs.org.uk](http://www.fscs.org.uk)

## Business Legal

This policy is evidence of the contract between **you** and the **insurer**. The policy and schedule shall be read together as one document.

Terms that appear in bold type have special meanings. Please read **Meaning of words & terms** for more information.

### Your policy cover

Following an Insured event, the **insurer** will pay **legal costs & expenses** including the cost of appeals, up to £50,000 for all claims related by time or originating cause; subject to all of the following requirements being met:

- 1) **You** have paid the insurance premium.
- 2) The **insured** keeps to the terms of this policy and cooperates fully with **us**.
- 3) Unless otherwise stated in this policy, the Insured event arises in connection with **your business** and occurs within the **territorial limit**.
- 4) The claim
  - a) always has **reasonable prospects of success** and
  - b) is reported to **us**
    - i) during the **period of insurance** and
    - ii) as soon as the **insured** first becomes aware of circumstances which could give rise to a claim.
- 5) Unless there is a conflict of interest, the **insured** always agrees to use the **appointed advisor** chosen by **us**
  - a) in any claim to be heard by an Employment Tribunal and/or
  - b) before proceedings have been or need to be issued.
- 6) Any dispute will be dealt with through mediation or by a court, tribunal, Advisory Conciliation and Arbitration Service or a relevant regulatory or licensing body within the **territorial limit**.
- 7) The **insured** has followed the advice of the **appointed advisor** at all times.
- 8) **You** have paid the **Excess**.
- 9) **You** have been a member of the NHBF for at least 60 days.

## Insured **events covered**

### 1 Employment

A dispute between **you** and **your employee**, **ex-employee**, or a prospective **employee**, arising from a breach or an alleged breach of their

- a) contract of service with **you**
- b) related legal rights.

**You** can claim under the policy as soon as internal procedures as set out in the

- a) ACAS Code of Practice for Disciplinary and Grievance Procedures or
- b) Labour Relations Agency Code of Practice on Disciplinary and Grievance Procedures in Northern Ireland have been or ought to have been concluded.

### What is not covered under Insured event 1

Any claim arising from or relating to:

- 1) the pursuit of an action by **you** other than an appeal against the decision of a court or tribunal
- 2) costs **you** incur to prepare for an internal disciplinary hearing, grievance or appeal
- 3) a pension scheme where actions are brought by ten or more **employees** or **ex-employees**.

### 2 Tax disputes

- a) A formally notified enquiry into **your business** tax.
- b) A dispute about **your** compliance with HMRC regulations relating to **your employees**, workers or payments to contractors.
- c) A dispute with HMRC about Value Added Tax.

Provided that:

- a) **you** keep proper records in accordance with legal requirements and
- b) in respect of any appealable matter you have requested an Internal Review from HMRC where available.

Please note the most **we** will pay in **Legal costs and expenses** in respect of section 2b) is £2,000.

### What is not covered under Insured event 2

Any claim arising from or relating to:

- 1) tax returns which are submitted late or for any other reason, result in HMRC imposing a penalty, or which contain careless and/or deliberate misstatements or omissions
- 2) an investigation by the Fraud Investigation Service of HMRC
- 3) circumstances where the Disclosure of Tax Avoidance Scheme Regulations apply or should apply to **your** financial arrangements
- 4) any enquiry that concerns assets, monies or wealth outside of the United Kingdom
- 5) **your** failure to register for VAT.

## What is **not covered** by this policy (applicable to the whole policy)

The **insured** is not covered for any claim arising from or relating to:

- 1) costs or incurred without **our** consent
- 2) any actual or alleged act, omission or dispute happening before, or existing at the start of the insurance provided by this policy, and which the **insured** knew or ought reasonably to have known could lead to a claim
- 3) an allegation against the **insured** involving:
  - a) assault, violence, malicious falsehood or defamation
  - b) indecent or obscene materials
  - c) the use of alcohol or its unauthorised or unregulated manufacture, unlicensed dealing in alcohol or dealing in or using illegal drugs
  - d) illegal immigration
  - e) money laundering or bribery offences, breaches of international sanctions, fraud, or any other financial crime activities
- 4) defending a claim in respect of damages for personal injury (other than injury to feelings in relation to Insured event 1 Employment), or loss or damage to property owned by the **insured**
- 5) National Minimum Wage and/or National Living Wage Regulations
- 6) patents, copyright, passing-off, trade or service marks, registered designs and confidential information
- 7) a dispute with any subsidiary, parent, associated or sister company or between shareholders or partners
- 8)
  - a) a franchise agreement
  - b) an agency agreement through which one party has the legal capacity to alter the legal relations of the other
- 9) a judicial review
- 10) a dispute with **us**, the **insurer**, Ellis Whittam or the party who arranged this cover not dealt with under Condition 6
- 11)
  - a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
  - b) radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof
  - c) war, invasion, act of foreign enemy hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military or usurped power
  - d) pressure waves from aircrafts or other aerial devices travelling at sonic or supersonic speed
  - e) any terrorist action (regardless of any other cause or event contributing concurrently or in any other sequence to the liability) or any action taken in controlling, funding, preventing or suppressing terrorist action.
- 12) The payment of fines, penalties or compensation awarded against the **insured**; or costs awarded against the **insured** by a court of criminal jurisdiction.

## Policy **conditions**

Where the **insurer's** risk is affected by the **insured's** failure to keep to these conditions the **insurer** can refuse a claim or withdraw from an ongoing claim. The **insurer** also reserves the right to claim back **legal costs & expenses** from the **insured** if this happens.

### 1. The insured's responsibilities

An **insured** must:

- a) tell **us** immediately of anything that may make it more costly or difficult for the **appointed advisor** to resolve the claim the **insured's** favour
- b) cooperate fully with **us**, give the **appointed advisor** any instructions **we** require, and keep them updated with progress of the claim and not hinder them
- c) take reasonable steps to claim back **legal costs & expenses** and, where recovered, pay them to the **insurer**
- d) allow the **insurer** at any time to take over and conduct in the **insured's** name, any claim.

## Policy conditions (continued)

### 2. Freedom to choose an appointed advisor

- a) In certain circumstances as set out in 2.b) below the **insured** may choose an **appointed advisor**. In all other cases, no such right exists and **we** shall choose the **appointed advisor**.
- b) If:
  - i) a suitably qualified advisor considers that it has become necessary to issue proceedings or proceedings are issued against an **insured**, or
  - ii) there is a conflict of interestthe **insured** may choose a qualified **appointed advisor** except, where the **insured's** claim is to be dealt with by the Employment Tribunal, **we** shall always choose the **appointed advisor**.
- c) Where the **insured** wishes to exercise the right to choose, the **insured** must write to **us** with their preferred representative's contact details.
- d) Where the **insured** chooses to use their preferred representative, the **insurer** will not pay more than **we** agree to pay a solicitor from **our** panel and will pay only the costs that the **insurer** would have been liable to pay. (**Our** panel solicitor firms are chosen with care and **we** agree special terms with them, including rates which may be lower than those available from other firms).
- e) If the **insured** dismisses the **appointed advisor** without good reason, or withdraws from the claim without **our** written agreement, or if the **appointed advisor** refuses with good reason to continue acting for an **insured**, the **insurer's** liability in respect of that claim will end immediately.

### 3. Consent

- a) The **insured** must agree to **us** having sight of the **appointed advisor's** file relating to the **insured's** claim. The **insured** is considered to have provided consent to **us** or **our** appointed agent to have sight of their file for auditing and quality and cost control purposes.
- b) An **insured** must have **your** agreement to claim under this policy.

### 4. Settlement

- a) The **insurer** can settle the claim by paying the reasonable value of the **insured's** claim.
- b) The **insured** must not negotiate or settle the claim without **our** written agreement.
- c) If the **insured** refuses to settle the claim following advice to do so from the **appointed advisor** the **insurer** reserves the right to refuse to pay further costs.

### 5. Barrister's opinion

**We** may require the **insured** to obtain and pay for an opinion from a barrister if a dispute arises regarding the merits or value of their claim. If the opinion supports the **insured**, then the **insurer** will reimburse the reasonable costs of that opinion. If that opinion conflicts with advice obtained by **us**, then the **insurer** will pay for a final opinion which shall be binding on the **insured** and **us**. This does not affect the **insured's** right under Condition 6 below.

### 6. Arbitration

If any dispute between the **insured** and **us** arises from this policy, the **insured** can make a complaint to **us** as described on the back page of this policy and **we** will try to resolve the matter. If **we** are unable to satisfy the **insured's** concerns and the matter can be dealt with by the Financial Ombudsman Service the **insured** can ask them to arbitrate over the complaint.

If the dispute cannot be dealt with by the Financial Ombudsman Service, it can be referred for independent arbitration to a qualified person agreed upon by both parties. The loser of the dispute shall be liable to pay the costs incurred.

If **we** and the **insured** fail to agree on a suitable person to arbitrate the matter **we** will ask the President of the relevant Law Society to nominate. The arbitration shall be subject to the Arbitration Acts and the arbitrator's decision shall be binding on the parties.

### 7. Other insurance

With regards to Insured Event 2, the **insurer** will not pay more than their fair share (rateable proportion) for any claim covered by another policy, or any claim that would have been covered by any other policy if this policy did not exist; even if the other insurer refuses the claim.

### 8. Fraudulent claims and claims tainted by dishonesty

- a) If the **insured** makes any claim which is fraudulent or false, the **insurer's** liability in respect of that **insured** under this policy shall become invalid and all benefit under it shall be lost.
- b) An **insured** shall at all times be entirely truthful and open in any evidence, disclosure or statement they give and shall act with complete honesty and integrity throughout. Where, on the balance of probabilities and having considered carefully all the facts of any claim, it appears to the **appointed advisor** that the **insured** has breached this condition and that the breach has:
  - i) affected **our** assessment of **reasonable prospects of success**, and/or
  - ii) prejudiced in any part the outcome of the **insured's** claimthe **insurer** shall have no liability for **legal costs & expenses** incurred from the date of the **insured's** breach.

## Policy **conditions** (continued)

### 9. Cancellation

If **you** cancel **your** membership with the NHBF then **you** will no longer be able to make a claim under this policy.

### 10. Acts of parliament, statutory instruments, civil procedure rules & jurisdiction

All legal instruments, bodies and rules referred to within this policy shall include the equivalent in Wales, Scotland, Northern Ireland, the Isle of Man and the Channel Islands and any subsequent amendment or replacement. This policy will be governed by English law.

### 11. Contracts (Rights of Third Parties) Act 1999

A person who is not insured by this contract has no right to enforce the terms and conditions of this policy under the Contracts (Rights of Third Parties) Act 1999.

## Meaning of **words & terms**

Certain words and terms contained in this policy have been defined as they have the same meaning wherever they appear.

### Appointed advisor

- 1) Ellis Whittam, accountants or other advisor (who is not a mediator), appointed by **us** to act on behalf of the **insured**;
- 2) mediator appointed by **us** to provide impartial dispute resolution in relation to a claim accepted by **us**.

### Business

The occupation, trade profession or enterprise carried out by the entity, or it's certified members, shown in the schedule that attaches to this policy.

### Employee

A worker who has or alleges they have entered into a contract of service with **you**.

### Excess

The first £2,000 of each and every claim apart from claims under section 2b) Tax Compliance.

### Insured

- 1) **You, your** directors, partners, managers, officers and **employees of your business**.
- 2) A person declared to **us**, who is contracted to perform work for **you**, who in all other respects **you** have arranged to insure on the same basis as **your employees** and who performs work under **your** supervision.

### Insurer

ARAG Allgemeine Versicherungs-AG Branch UK.

### Legal costs & expenses

- 1) Reasonable legal costs and disbursements reasonably and proportionately incurred by the **appointed advisor** on the standard basis and agreed in advance by **us**. The term "standard basis" can be found within the Courts' Civil Procedure Rules Part 44.2..
- 2) In civil claims, other side's costs, fees and disbursements where the **insured** has been ordered to pay them.
- 3) Reasonable accountancy fees reasonably incurred under Insured event 2 Tax disputes by the **appointed advisor** and agreed by us in advance.

### Period of insurance

The period shown in the schedule to which this policy attaches. (The **period of insurance** shall otherwise expire on earlier cancellation of this policy.)



## Meaning of **words & terms** (continued)

### **Reasonable prospects of success**

- 1) Other than as set out in 2) and 3) below, a greater than 50% chance of the **insured** successfully pursuing or defending the claim and, if the **insured** is seeking damages or compensation, a greater than 50% chance of enforcing any judgment that might be obtained.
- 2) In criminal prosecution claims where the **insured**
  - a) pleads guilty, a greater than 50% chance of reducing any sentence or fine or
  - b) pleads not guilty, a greater than 50% chance of that plea being accepted by the court.
- 3) In all claims involving an appeal, a greater than 50% chance of the **insured** being successful.

Where we have rejected your claim solely due to a lack of reasonable prospects of success, we will pay costs that are reasonable and proportionate to the legal and/or financial remedy achieved, subject to the terms and conditions of this policy if:

- **You** proceeded with the legal action which formed your claim to its conclusion with a Court, Tribunal or equivalent having issued a judgment (excluding any settlement, mediation, alternative dispute resolution or equivalent resolution process) and were successful
- **You** were defending a claim and the judgment found **you** were not at fault
- **You** were pursuing, the judgment awarded **you** the remedy **you** sought at the time **we** rejected **you** claim
- **You** must tell **us** about it as soon as possible

### **Territorial limit**

United Kingdom, Channel Islands and the Isle of Man.

### **We/Us/Our**

ARAG plc who is authorised under a coverholder agreement to administer this insurance on behalf of the insurer with ARAG Allgemeine Versicherungs-AG Branch UK.

### **You/Your**

The individual, partnership, corporate body or any individual(s) being a certified member of the partnership or corporate body named in the schedule, including any subsidiary and/or associated companies declared to **us**.

Signed by



**Managing Director**  
**ARAG plc**

## How we handle complaints

### Step 1

ARAG is committed to providing a first class service at all times. However, if a complaint arises, this should be addressed to our Customer Relations Department who will arrange to have it reviewed at the appropriate level. We can be reached in the following ways:



**0117 917 1561** (hours of operation are 9am-5pm, Mondays to Fridays excluding bank holidays. For our mutual protection and training purposes, calls may be recorded).



**customerrelations@arag.co.uk**



**ARAG plc, 9 Whiteladies Road, Clifton, Bristol, BS8 1NN.**

### Step 2

If we are not able to resolve the complaint to your satisfaction then you can refer it to the Financial Ombudsman Service (FOS) provided that it falls within their jurisdiction. From 1 April 2019 the FOS will normally deal with complaints from small business with an annual turnover of less than £6.5million and which either; have up to 50 employees, or a balance sheet threshold of £5million. They can be contacted at



**0800 023 4567 or 0300 1239 123**



**complaint.info@financial-ombudsman.org.uk**



**Financial Ombudsman Service, Exchange Tower, London, E14 9SR.**

The FOS is an independent service in the UK for settling disputes between consumers and businesses providing financial services. You can find more information on the Financial Ombudsman Service at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

The FOS's decision is binding upon the insurer, but you are free to reject it without affecting your legal rights.



You can read more about our complaints procedure on our website by clicking here:

<https://www.arag.co.uk/contact/making-a-complaint>

ARAG plc is registered in England number 02585818. Registered address: 9 Whiteladies Road, Clifton, Bristol BS8 1NN. ARAG plc is authorised and regulated by the Financial Conduct Authority firm registration number 452369. This can be checked by visiting the FCA website at [www.fca.org.uk/register](http://www.fca.org.uk/register) or by contacting the FCA on +44 (0) 300 500 0597. ARAG plc is a coverholder of the insurer ARAG Allgemeine Versicherungs- AG Branch United Kingdom. ARAG Allgemeine Versicherungs- AG Branch United Kingdom is authorised and regulated by BAFin (firm reference number VU5455) and by the Prudential Regulation Authority and is also regulated by the FCA (firm reference number 722744).

ARAG plc is covered by the Financial Ombudsman Service.

[www.arag.co.uk](http://www.arag.co.uk)