Irwell
INSURANCE COMPANY LIMITED

Legal Expenses FAQs

What is Legal Expenses Insurance?

Legal Expenses Insurance (LEI) covers the cost of legal advice, representation and court expenses if your business becomes involved in a dispute. It helps protect you from the financial impact of legal action - whether you are bringing a claim or defending one.

What types of issues does Legal Expenses Insurance typically cover?

Depending on the policy, cover can include employment disputes, contract disputes, property protection, tax investigations, licence appeals, debt recovery and legal defence following certain prosecutions.

Can I only take out legal expenses insurance if I am a business?

No, there are various types of underlying products legal expenses insurance can attach to, covering you in your capacity as a business, individual or even as a landlord.

Is Legal Expenses Insurance the same as liability insurance?

No. Liability insurance covers compensation claims for injury or property damage. Legal Expenses Insurance covers legal costs and representation in specific disputes or investigations.

Do small businesses really need Legal Expenses Insurance?

Yes - legal costs can be significant, even for straightforward disputes. LEI gives smaller businesses access to legal support they may not otherwise afford, helping them resolve disputes quickly and effectively.

Does Legal Expenses Insurance cover both pursuing and defending claims?

This depends on the policy you have taken but legal expenses can cover both pursuing and defending legal claims. It helps cover solicitors' fees and court costs when bringing a claim against another party or defending against legal action taken against you.

Are employment disputes covered?

Yes, typically. LEI can cover legal representation in employment tribunals, including claims of unfair dismissal, discrimination, redundancy issues and contractual disputes.

Does it cover tax investigations?

Not always but some policies offer support for HMRC tax investigations or compliance checks, covering professional fees like accountants' costs. Always check your policy terms or ask your broker for clarity.

Will it cover contract disagreements with customers or suppliers?

Yes, most policies include contract dispute cover - provided the contract falls within the policy's terms and the dispute has reasonable prospects of success.

What does 'reasonable prospects of success' mean?

Before supporting a claim, insurers usually require a legal opinion that you have more than a 50% chance of winning or achieving a favourable outcome.

Is there a limit to how much legal cover I can claim?

Yes. Policies typically include a maximum limit per claim and per year.

Are there exclusions I should be aware of?

Typical exclusions include disputes arising before the policy started, deliberate wrongdoing, fines or penalties and issues outside the policy's defined areas, such as commercial property transactions.

Do incidents have to be reported within a certain timeframe?

Yes. Policies generally require prompt notification - early reporting helps protect your position and ensures the insurer can provide effective legal support.

Can Legal Expenses Insurance be added to my existing business policy?

Yes. Many insurers offer LEI as an add-on to commercial, property or combined policies.

Do I get access to legal advice helplines?

Most LEI policies include a 24/7 legal advice helpline staffed by qualified lawyers to help with everyday questions before they escalate.

Can I use my own solicitor?

Insurers typically appoint panel solicitors at the start of a claim. Some policies allow you to choose your own solicitor, particularly if proceedings have been issued, but this may be subject to different fees or conditions.

Does LEI cover disciplinary actions taken by regulators?

Some policies include legal defence for certain regulatory investigations or prosecutions, but this varies. It's important to check the policy wording.

How do I make a claim under Legal Expenses Insurance?

Contact your broker or insurer as soon as a dispute arises. Provide all relevant documents, timelines and correspondence so the legal team can assess your case promptly.

What happens after I report an issue?

The insurer will assess whether the dispute is covered, check reasonable prospects of success and then appoint a legal representative to act on your behalf.

Does a claim affect my future premiums?

It may, depending on your insurer's underwriting approach and the frequency or severity of your claims.

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These are some useful FAQs to help demystify **the what, when, why and how of legal expenses.**

This is just an overview of the most common queries so you may need to speak to your broker about your specific concerns.

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