



Corporate Legal Expenses Insurance

OI 01, Insurance terms and conditions valid as of 1 January 2022

1 Purpose of insurance

The purpose of this insurance is to indemnify for any necessary and reasonable legal expenses incurred by the insured as a result of resorting to legal counsel in a disputed civil case, criminal case or non-contentious civil case concerning an insurance event referred to under section 4.

The insurance covers the business activities recorded in the insurance policy.

2 Those insured

Those insured are

- the company recorded as the policyholder in the insurance policy
- the policyholders employees
- persons who receive no remuneration for their work or who work on a temporary basis, provided that the policyholder, under effective legislation, is liable to make good any loss or damage caused by such persons
- independent entrepreneurs comparable to the policyholders employees, provided that the policyholder, under effective legislation, is liable to make good any loss or damage caused by such entrepreneurs
- a general partner or shareholder of the policyholder company in a case concerning legal action or commitment in the name, on behalf or in favour of the policyholder, or when the general partner or shareholder is faced with a claim jointly and severally with the policyholder.

3 Courts of law and territorial scope of insurance

The insured may use the insurance in cases which have been brought before a district court or an arbitration court in Finland. If the case concerns a disputed civil case settled out of court, the insurance can be used if the case could have immediately been brought before a district court in Finland.

The insurance does not cover expenses in cases handled by the administrative authorities or special courts, such as an administrative court, the Insurance Court, the Labour Court, the Market Court or the Supreme Administrative Court. Nor does the insurance cover expenses in cases handled by the European Court of Justice.

4 Coverable insurance events

4.1 Definition of an insurance event

In disputed and non-contentious civil cases, an insurance event refers to a dispute. A 'dispute' refers to a claim specified as to its grounds and amount and which has been demonstrably and specifically disputed as to its grounds or amount.

In a criminal case, an insurance event refers

- to charges pressed by the insured person as the complainant
- a complainant's charges against the insured brought and pursued after a public prosecutor has decided to waive or withdraw charges for the same action, or the pre-trial investigation authority or prosecutor has decided that a pre-trial investigation is not carried out, or is suspended or terminated. Insurance events also refer to situations where the complainant brings charges after the pre-trial investigation is postponed by decision of the officer in charge.

The charges are considered to have been brought when the complainant's application for a summons has arrived at the office of a district court. The charges are considered pursued when the complainant has notified the court in writing of pursuing the charges after the public prosecutor has withdrawn the charges.

The insurance indemnifies for insurance events occurring during the validity of the insurance. If, however, this policy has been valid for less than two years at the time of the insurance event, the matters on which the dispute, claim, denial, notice of work relationship termination, charge or suspected crime is based must also have taken place during the validity period of the insurance.

The validity period is defined as the period that this policy alone or consecutively with other terminated legal expenses insurance policies with equivalent content has been continuously valid for the benefit of the insured. However, if, on the occurrence of an insurance event, the insured has several effective legal expenses insurance policies, only this policy will be taken into account when determining the validity period of the insurance.

If the policy's coverage has been extended and the extension had been valid for less than two years when the insurance event occurred, the extension will only be applied if

the factors upon which the dispute, claim, denial, notice of work relationship termination, charge or suspected crime is based arose after the extension had entered into force. By extension of the policy's coverage we mean a higher sum insured, larger territorial scope, or the adverse party's expenses being included in the policy.

4.2 Single insurance event

A 'single insurance event' refers to an insurance event where

- two or more people covered by this insurance 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 pending which are based on the same event, circumstance, juristic act or legal offence, or which are based on the same or similar claim with different grounds.

5 Restrictions relating to insurance events

The insurance does not cover expenses incurred by the insured in a case

1. where the claim has not been demonstrably disputed;
2. which is related to other than the operations specified in the insurance policy
3. which is related to the transfer of the insured company, shares entitling to the ownership of the company, or partnership share, or the full or partial transfer of a business
4. of minor importance to the insured
5. in which those insured under this insurance represent adverse parties; the insurance does, however, cover expenses incurred by the policyholder
6. which is related to a claim or receivable transferred to the insured, unless, at the time the dispute arises, two years have elapsed since the transfer
7. in which the insured is being prosecuted by the public prosecutor or in which the complainant has filed a civil claim against the insured while such prosecution is pending
8. which relates to a civil claim against the insured on account of which he/she has been sentenced or, on the basis of the relevant special provisions, the charges or sentence against him/her have been waived; however, the insurance covers the policyholders expenses if the case, as regards the policyholder, concerns the employers liability to pay damages
9. in which the insured has submitted a civil claim on account of which the insured has been sentenced or, on the basis of the relevant special provision, the charges or sentence against the insured have been waived
10. which concerns a legal persons penal liability
11. in which the insured is involved as the owner, possessor or driver of a motor vehicle or a watercraft subject to registration under the Register of Watercraft Act (976/2006), or in which expenses incurred by the insured are covered under liability insurance

12. which relates to a bankruptcy
13. which relates to a distraint, execution dispute or the execution of distraint
14. which relates to proceedings carried out in accordance with the provisions on company restructuring or the debt rescheduling of private individuals, or the voluntary debt rescheduling of farmers in accordance with the Rural Industries Act
15. which demands clarification of whether the expenses due to the insurance event reported by the insured are fully or partly coverable under family legal expenses insurance
16. which is dealt with as a class action and in which the insured is a claimant or a member of the group
17. which relates to a patent or other intellectual property right
18. which relates to a tenancy relationship, except in the case of a lease in which the insured company is the lessee, and the leased apartment or real estate unit is in commercial use by and in the possession of the insured company.

6 Measures to be taken on occurrence of an insurance event

6.1 If the insured wishes to use the insurance, he/she must inform the Insurance Company thereof in advance in writing. The insurance company will then send the insured a written claim settlement decision.

6.2 The insured shall use a third-party solicitor or other legal counsel as his/ her representative. No indemnity will be paid if the insured decides not to use any representative at all or selects one who is not a Finnish Master of Laws or does not have equivalent foreign qualifications.

6.3 In cases that go to the main hearing, the insured must require the opposing party to reimburse his legal expenses in full. However, in matters processed in court according to the procedure prescribed in the Act on Court-annexed Mediation (663/2005), no such demand is required for the mediation expenses.

If the insured has presented to the adverse party a legal expenses demand which has been partly or fully rejected by a court order, an appeal must be lodged against the decision if the Insurance Company so requires. If the insured fails to lodge such demand, waives the right to do so, or refuses to appeal the court decision, the insurance compensation may be lowered or altogether denied.

6.4 The insured has no right to approve, in a manner that would be binding on the company, the amount of expenses incurred from handling his/her case.

Any payment by the insured to his/her representative for legal fees and expenses is not binding on the insurance company in its evaluation of reasonable litigation costs.

7 Indemnification regulations

7.1 Sum insured

7.1.1 The sum insured recorded in the policy is the upper limit of the insurance company's liability in each insurance event.

7.1.2 However, the sum the insurer is obliged to pay for expenses prior to a main hearing at a district court, mediation session in a court of law or arbitration proceedings, or for expenses in a matter solved without a trial, is only up to 50% of the sum insured specified in the insurance policy.

7.1.3 If the monetary value of a disputed benefit is assessable, the insurance covers, in a disputed or non-contentious civil case and when the insured party is a complainant in a criminal case, up to double the amount of the disputed benefit. When assessing the amount of benefit, no claims for interest, legal or litigation expenses or expenses arising from being party to the matter are taken into account. If a dispute concerns a periodical payment, a maximum of a tenfold amount of the disputed periodical payment is taken into account when assessing the amount of benefit.

7.1.4 During one insurance period, the maximum amount of indemnity paid for insurance events is double the sum insured.

7.2 Deductible

The deductible recorded in the policy is subtracted from the coverable expenses.

7.3 Coverable expenses

The insurance covers necessary and reasonable legal expenses incurred by the insured as a result of the insurance event as follows:

7.3.1 Disputed and non-contentious civil cases

Expenses incurred by the insured for use of legal counsel and presentation of evidence.

If bringing the case before a court requires a juristic act or a decision taken by a given body or in connection with any specific proceedings, the expenses are indemnified as of the date when the case can be brought before a district court.

If the matter has been handled as a conciliation case by a court of law, the insurance will also cover the insured person's portion of the fee and expenses for an assistant to the conciliator calculated per capita of the parties to the dispute.

If a dispute between the insured and an entrepreneur or legal person as adverse party has been handled as a voluntary conciliation case other than that by a court of law, the insurance will also cover the insured person's portion of the conciliator's fee calculated per capita of the parties to the dispute. Compensating this fee requires that the conciliator

7.3.2 Criminal cases

7.3.2.1 The insured as the complainant

Legal expenses incurred by the insured for use of legal counsel and presentation of evidence in so far as the court proceedings involved a civil claim made by the insured for other than legal expenses on the basis of a crime.

7.3.2.2 The insured as the defendant

Legal expenses incurred by the insured for use of legal counsel and presentation of evidence if the case involves charges raised by the complainant against the insured when the public prosecutor has waived or withdrawn charges for the same action.

7.3.3 Appealing to the Court of Appeal and the Supreme Court

If a permit is required to appeal to the Court of Appeal or the Supreme Court, the costs incurred from the appeal will be indemnified under the insurance only if the permit or leave has been granted.

Costs incurred in the use of extraordinary channels of appeal are indemnified only if the Supreme Court has approved the appeal for nullification, reversed the judgement or reinstated a time limit forfeited.

7.3.4 Common interest

If the case involves an interest essentially other than that of the insured or the insured has an interest to safeguard in the insurance event in common with persons not covered by this insurance, the insurance indemnifies only for those costs which are attributable to the insured.

7.4 Amount and calculation of indemnity; value added tax

The legal expenses indemnified under the insurance are determined in accordance with the relevant provisions of the Code of Judicial Procedure and the Criminal Procedure Act.

If, owing to the admission by interested parties or some other reason, the court of law has not mentioned legal expenses in its decision, or if the matter has been settled out of court, the coverable expenses are determined also by taking into account the expenses normally paid or ordered by a court to be paid in similar cases. However, the coverable expenses come to a maximum of the amount which the court orders the insured person's adverse party to pay, unless the court has specifically concluded, on the basis of the grounds appearing from its decision, that the insured must personally bear his/her expenses, in part or in full, to his detriment.

For the use of a legal counsel, the insurance covers a reasonable fee charged by the counsel for his/her work and necessary expenses. The value of the disputed benefit, the difficulty and extent of the case and the quantity and quality of the work involved are taken into account. In the determination of a reasonable sum for the fees and expenses. However, coverable expenses come to a maximum of the amount of the expenses claimed by the insured person's adverse party.

If the insured, under the Value Added Tax Act, has the right to deduct or reclaim the tax included in the legal expenses invoice, the indemnity will be reduced by the value added tax included in the invoice.

7.5 Expenses not covered by the insurance

The insurance does not cover

- costs incurred due to measures taken before the insurance event, to the preliminary investigation of a case or to the investigation or handling of such a disputed case as a result of which the insured justifiably waives his/her claims against the adverse party. The insured is also considered to waive the claims if the indemnity received through settlement is below the minimum deductible of the insurance.
- any legal expenses of the adverse party which the insured has been ordered or has agreed to pay, unless agreed upon separately and entered in the insurance policy
- expenses arising from the enforcement of a ruling or decision
- the insured person's wasted time, own work, loss of income or earnings, travel or accommodation costs or any additional costs arising from a change of representative or from any conduct on the part of the insured which has increased costs unnecessarily
- the costs of acquiring expert legal opinion
- expenses for acquiring other than expert legal opinion, if such opinion does not support the insured person's claims or denial of the adverse party's claims
- costs incurred from reporting a criminal offence or making a request for investigation, or from pretrial investigation of a criminal case
- costs incurred due to matters and evidence which the court of law will not take into account
- costs caused by the insured or his/her legal counsel by failing to appear in court, by disregarding court orders, or by entering a plea which they knew or should have known to be unfounded, or costs which they have themselves caused by prolonging the litigation wilfully or through negligence
- costs for litigation which the insured or his/her legal counsel initiated without the adverse party giving any cause, or if they have in some other way caused unnecessary litigation wilfully or through negligence
- arbitral tribunal fees, travel expenses and other similar expenses
- the administrative fee of the Arbitration Institute or other expenses incurred by the Arbitration Institute.

7.6 Other regulations concerning indemnity

7.6.1 The Insurance Company indemnifies for the insured person's legal expenses after a legal ruling has been issued or a settlement has been reached.

7.6.2 If the insured, under the Value Added Tax Act, has the right to deduct the tax included in the legal expenses invoice, the insurance company will indemnify the insured for the legal expenses against the invoice paid by the insured.

7.6.3 The insurance company's liability to pay indemnity will be reduced by any compensation for expenses which the insured person's opposing party has been ordered by the court or has undertaken to pay to the insured, provided that it has been possible to collect this sum from the party liable for payment.

7.6.4 If the opposing party has been ordered by the court or has undertaken to pay compensation for expenses to the insured and this remains unpaid at the time the indemnity is paid, the insured is obliged, before the indemnity is paid, to transfer the insured person's right to the said compensation to the insurance company, up to the amount indemnified under the insurance.

If the insured has had to pay a proportion of the costs him/herself because they exceeded the maximum indemnity under section 7.1, the insured is obliged to transfer to the Insurance Company that part of the expenses compensation collected from the adverse party which is in excess of the part paid by the insured him/herself.

7.6.5 If the expenses compensation the opposing party has been ordered or has agreed to pay has been paid to the insured or it has otherwise been taken into consideration in the insured person's favour, the insured must return the expenses compensation cum interest to the insurance company up to the amount of compensation paid out of the insurance.

7.7 Indemnification of adverse party's legal expenses

The insurance indemnifies legal expenses payable by the insured, provided this has been separately agreed upon and entered in the policy.

The compensation for legal expenses payable by the insured can be no more than half of the sum insured, and in the cases referred to in clause 7.1.3, no more than the sum of the insured person's own legal expenses to be indemnified.

The insurance will indemnify the insured person's adverse party's necessary and reasonable legal expenses which the insured is forced to pay in the matter, provided the insured person's own legal expenses are indemnified from this legal expenses insurance.

7.8 Expenses not covered by the insurance

The insurance does not cover expenses to the insured person's adverse party

- if the ruling is based on an agreement on the expenses or
- which have been caused to the adverse party as a result of the insured person's or his/her representative's action that increased expenses unnecessarily.

If the ruling is based on an amount accepted to be correct by the insured, the insurance company has the right to assess the adverse party's legal expenses to be indemnified in accordance with the relevant provisions of the Procedural Code and the Act on Criminal Proceedings.

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