

Legal expenses insurance OK1

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Legal expenses insurance

Legal expenses insurance will cover the insured's essential and reasonable legal fees and courts costs in accordance with the contract (policy) of insurance concluded between the insurer and the policyholder.

Your contract (policy) of insurance is made up of the following documents, in accordance with the order of application shown below:

- the policy schedule, and any special conditions that may be stated in the policy schedule;
- this Legal expenses insurance policy wording (OK1);
- the General terms and conditions for corporate customers.

This legal expenses insurance policy wording describes the perils insured against and related restrictions and exclusions, as well as the indemnification rules. In your policy schedule, we may have included special clauses that either extend or restrict the range of perils insured against mentioned in the wording.

The General terms and conditions for corporate customers apply to all types of corporate property and business insurance policies.

1 Insureds

The insured is:

- the policyholder;
- any entity stated in the policy schedule or a special clause.

The insureds also include:

- the persons in the insured's employ;
- any unpaid or casual work performers for whose damage an insured entity is held legally liable to compensate;
- any sole traders comparable to the insured's employees for whose damage an insured entity is held legally liable to compensate;
- the General Partner or a partner, where the case concerns a legal act performed or a commitment given in the name, on behalf or for the benefit of an insured entity, or where a compensation claim has been made against him or her jointly and severally with an insured entity.

2 Perils insured against

Cover includes the essential and reasonable legal fees and courts costs incurring to the insured in the course of the insured activity, in a dispute, a non-contentious civil case or a criminal case, when:

- the peril has occurred during the period of cover; and
- the case can be directly referred to a district court of a country situated within the territorial limits of cover stated in the policy schedule, or to an equivalent foreign court or arbitration within the territorial limits of cover.

2.1 Disputes and non-contentious civil cases

In disputes and non-contentious civil cases, the peril insured against is the materialisation of a dispute. A dispute materialises when a claim, the grounds for and the amount of which have been set out, has been demonstrably contested as regards the grounds for or the amount of that claim.

2.2 Criminal cases

In a criminal case, the peril insured against is:

- the opening of the judicial investigation, when the insured appears as the injured party in the case;
- the prosecution instituted or continued by the injured party against the insured, when the public prosecutor has decided to not institute a prosecution or has withdrawn it. A prosecution is considered instituted when the injured party's summons arrives at the office of the district court. A prosecution is considered continued when the injured party notifies the court in writing of conducting a prosecution after the public prosecutor has withdrawn the prosecution.

2.3 One peril

Matters will be considered to constitute one peril whenever:

- two or more insureds of this insurance are on the same side in a dispute, a criminal case or a non-contentious civil case; or
- the insured has pending several disputes, criminal cases or non-contentious civil cases which are based on the same event, circumstance, legal act or tort, or on the same or a similar claim, albeit of differing merit; or
- the actions have been joined or they should be joined in the legal proceedings because they are essentially due to the same cause of action or because they concern the same case or a case that belongs to the same context.

2.4 Cause of the peril insured against

The cause of the peril insured against is the factor, event, circumstance, legal act or tort on which the dispute, claim or prosecution is based.

3 Validity

3.1 Territorial limits

Cover applies within the geographical region stated in the policy schedule.

3.2 Period of cover

Cover includes the perils insured against occurring during the period of cover.

If, at the time when a peril insured against occurs, the cover provided by this insurance has been in force for less than two years, the cause of the peril also needs to have occurred during the period of cover.

The period of cover includes the time period for which the cover provided by this insurance, alone or consecutively with any terminated legal expenses insurance covers of equivalent content, has been in force uninterruptedly in respect of the insured with one or several insurers.

If the extensions of cover have been in force for less than two years when a peril insured against occurs, the extensions of cover will be available only in respect of perils insured against occurring after the date on which the relevant change took effect, on the condition that the cause of the peril has also occurred during the period of the extension of cover.

Extension of cover means any increase of the sum insured, extension of the perils insured against, extension of the territorial limits of cover or if the opposing party's expenses or another special condition are added to the policy.

4 Perils excluded

4.1 Administrative authorities, administrative courts and special courts

Cover does not include costs in cases which come before the administrative authorities, administrative courts or special courts, or that come before equivalent foreign administrative authorities or special courts.

However, cover includes costs incurring to the insured at the Market Court in a company name dispute.

4.2 The European Court of Human Rights and the Court of Justice of the European Union

Cover does not include costs in cases which come before the European Court of Human Rights or the Court of Justice of the European Union.

4.3 Transfer or acquisition of shares or partnership shares

Cover does not include costs in cases related to the transfer or acquisition of any of the following: an insured entity; shares entitling to ownership of an entity; or its partnership share.

4.4 Infringement of an intangible right

Cover does not include costs in cases brought against or by the insured alleging infringement of an intellectual property right.

In this insurance, intellectual property right means any copyright, patent right, utility model right, trademark right, model right, licence right and plant breeders' right and the circuit design protection of an integrated circuit.

4.5 Insignificance

Cover does not include costs in cases that are insignificant to the insured.

4.6 Insureds as opposing parties

Cover does not include costs in cases that are between any of the insureds of this insurance. However, an insured entity's costs will be covered when the opposing party is a natural person.

4.7 Receivables or claims transferred to the insured

Cover does not include costs in cases that concern a receivable or claim that has been transferred to the insured, unless, at the time when a peril insured against occurs, more than two years have elapsed from the transfer.

4.8 Criminal liability of legal persons

Cover does not include costs in cases that concern a legal person's criminal liability.

4.9 Claim brought against the insured on the basis of an offence

Cover does not include costs in cases that concern any civil claim, brought against the insured, that is based on an act which has led to the insured's conviction or for which the insured has not been prosecuted or has been exempted from penalties under specific rules governing them, or that concern any claim which the injured party, in the course of a criminal prosecution conducted by the prosecutor, brings against the accused insured.

However, an insured entity's costs will be covered if the matter in its case concerns the employer's compensation liability.

4.10 Claim brought by the insured on the basis of an offence

Cover does not include costs in cases that concern any civil claim, brought by the insured, that is based on an act which has led to the insured's conviction or for which the insured has not been prosecuted or has been exempted from penalties under specific rules governing them.

4.11 Prosecution conducted by the public prosecutor against the insured

Cover does not include costs in cases in which the public prosecutor conducts a prosecution against the insured. There will be no cover even if the court later dismisses the charges and exempts the insured from penalties.

4.12 Bankruptcy

Cover does not include costs in cases related to bankruptcy.

4.13 Enforcement

Cover does not include costs in cases that concern enforcement, contested enforcement or the carrying out of enforcement.

4.14 Corporate or debt restructuring

Cover does not include costs in cases that concern the restructuring of a company, an individual's debt restructuring or a farmer's voluntary debt restructuring under the Rural Business Act.

4.15 Dispute over a legal expenses benefit

Cover does not include costs in cases in which it is contested whether or not the expenses incurred from a peril that the insured has reported are recoverable under this legal expenses insurance either wholly or in part.

4.16 Collective action

Cover does not include costs in cases tried as a collective action and to which the insured is a party in the capacity of applicant or group member.

4.17 Tenancy relationship

Cover does not include costs in cases related to the termination of tenancy, the eviction of a tenant or the amount or payment of rent in respect of any insured-owned residential or commercial unit.

4.18 Pandemic

Cover does not include costs in cases related to a pandemic.

5 Measures after a peril occurs

5.1 Claim form and permission to use the insurance

If the insured wishes to take advantage of this insurance, the insurer must be notified of this before any legal fees and courts costs are incurred. The insurer will then give the insured a written claim settlement decision.

5.2 Appointing an attorney

The insured is required to appoint as their outside attorney an attorney-at-law or another lawyer.

If the insured does not appoint an outside attorney at all or appoints an attorney other than an attorney who has completed a Master of Laws or a corresponding foreign degree, the insurance will not pay out any indemnity.

Cover does not include any cost incurred from replacing an attorney.

5.3 Cost claim to the opposing party

In cases where the proceedings in court have progressed to the main hearing, and in arbitration, the insured is required to demand the opposing party to cover the insured's full legal fees and courts costs, with interest.

If the insured, without a valid reason, fails to submit a cost claim or gratuitously withdraws it or will not appeal the court's ruling on legal expenses despite being requested to do so by the insurer, cover can be reduced or it may be refused altogether under the Insurance Contracts Act.

5.4 Accepting costs

The insured does not have a right to accept, in a manner that would be binding on the insurer, the amount of the costs of pursuing the case. If the insured pays any of their legal fees and courts costs out of pocket, the sum paid will not be binding on the insurer when assessing whether the legal expenses are essential and reasonable.

6 Indemnification regulations

6.1 Disputes and non-contentious civil cases

Cover includes the expenses incurred from using an attorney and from the presentation of evidence.

If bringing the dispute before a court is conditional on some legal act or on a decision passed in a body or in a proceeding, costs will be covered from the moment when said condition is fulfilled.

Judicial mediation

If the case has been subject to judicial mediation, cover will also include the insured's portion of the fee and expenses payable to the mediator's any possible assistant, calculated in relation to the number of the disputing parties.

Out of court mediation

If a dispute between the insured and a trader or legal person who is the opposing party in the case has been subject to other voluntary mediation proceedings, cover will also include the insured's portion of the mediator's fee, calculated in relation to the number of the disputing parties. A condition for indemnifying the mediator's fee is that the mediator must be an attorney-at-law or another lawyer.

6.2 Criminal cases

Insured as the injured party

When the insured is the injured party in the case, cover will include the legal costs of an attorney and of any presentation of evidence, insofar as the legal proceedings concern the insured's civil claim which is based on a criminal offence and which does not concern legal expenses.

Insured as the defendant

When the insured is the defendant in the case, cover will include the legal costs of an attorney and of any presentation of evidence, when the case concerns a criminal prosecution which the injured party conducts against the insured or the public prosecutor has decided to not institute a prosecution or has withdrawn it.

6.3 Appeals to the Supreme Court

If an appeal to the Supreme Court or to a corresponding foreign court is subject to leave to appeal, the costs of appeal will be covered only if leave to appeal has been granted.

The costs of extraordinary appeals will be covered only if the Supreme Court or a corresponding foreign court has accepted the complaint, annulled the judgment or granted a new time limit.

6.4 Collective interest

Where the case concerns an interest materially other than the insured's own interest, or if the insured has in the case an interest to safeguard which the insured shares with any persons not covered by this insurance, cover will include only that portion of the expenses which is deemed to be attributable to the insured.

6.5 Excluded expenses

6.5.1 Costs incurred before the peril

Cover does not include costs incurred by measures taken prior to the peril insured against or by any preliminary investigation of the case. However, the expenses of materials drawn up and evidence gathered prior to the peril insured against will be covered if the material is used as evidence.

6.5.2 Costs recoverable from another insurance

Cover does not include costs covered by some other insurance.

6.5.3 Opposing party's legal expenses

Cover does not include the opposing party's legal expenses which the insured has been ordered to pay or which have been settled.

6.5.4 Costs of enforcement

Cover does not include costs incurring from the enforcement of any judgment or decision.

6.5.5 Other costs incurring to the insured

Cover does not include the insured's waste of time, own work, loss of income or earnings, travel or subsistence expenses.

6.5.6 Increased costs incurred from the insured's conduct

Cover does not include any cost incurring from replacing an attorney, or any increased or unnecessary cost incurred from the insured's conduct.

6.5.7 Expert legal opinion

Cover does not include costs of obtaining an expert legal opinion.

6.5.8 Criminal complaints, requests for investigation or pre-trial investigation

Cover does not include costs of lodging a criminal complaint or a request for investigation or costs of any pre-trial investigation of a criminal case.

6.5.9 Factors and evidence submitted late

Cover does not include costs arising from any factor or evidence which the court dismisses on the ground of being submitted late.

6.5.10 Unduly incurred costs

Cover does not include costs that the insured or the insured's attorney incurs by:

- not appearing before the court;
- failing to comply with orders given by the court;
- presenting a submission which they have known or which they should have known to be groundless; or
- otherwise prolonging the legal proceedings intentionally or negligently.

6.5.11 Unnecessary litigation

Cover does not include costs of any litigation that the insured or the insured's attorney initiates without the opposing party having given any reason for this, or if they otherwise cause unnecessary litigation intentionally or negligently.

6.5.12 Arbitration costs

Cover does not include any costs of arbitration with the exception of the insured's own attorney's fees and costs of taking evidence.

6.5.13 Seeking public legal aid

Cover does not include costs of seeking public legal aid.

6.6 Calculating the amount of indemnity

6.6.1 Sum insured

The maximum total cover provided by a legal expenses insurance policy per peril and for several perils allocated to one period of insurance is limited to one sum insured.

6.6.2 Maximum amount of recoverable legal fees and courts costs

The legal fees and courts costs recoverable under this insurance will be awarded in accordance with the guidance governing legal expenses laid down in the Code of Judicial Procedure and in the Criminal Procedure Act.

If, because of the parties' acknowledgement or for some other reason, the court has not ruled on legal fees and courts costs in its judgment, or if the case has been resolved amicably, the recoverable costs will also be determined with reference to the expenses usually awarded or paid in comparable cases.

With regard to an attorney's expenses, the reasonable and necessary portion of the attorney's fee and other costs will be indemnified.

When determining the reasonableness of costs, account will be taken of the value of the benefit at issue, the complexity and the scope of the case, and the volume and the quality of the work carried out.

Court judgment

The maximum recoverable costs will be limited to the expenditure which the court orders the insured's opposing party to pay, unless the court, by virtue of the reasons set out in its judgment, has expressly held that the insured is to bear the insured's own costs wholly or in part.

However, the maximum amount of recoverable expenses will be limited to the cost claim presented by the insured to the insured's opposing party.

Economic interest

The maximum cover is limited to the benefit at issue, estimated in money, multiplied by two, up to the sum insured stated in the policy schedule. If the matter in dispute concerns a recurring payment, the maximum amount of the benefit at issue will be limited to the lump sum payment multiplied by ten.

When assessing the amount of a benefit, any claims for interest expenses and for legal fees and courts costs will be ignored.

6.6.3 Value added tax

If, under the Value Added Tax Act or corresponding foreign legislation, the insured is entitled to deduct the tax included in the advocacy invoice or in the legal expenses, the amount of indemnity will be calculated as including the VAT exclusive cost.

6.6.4 Deductible

Recoverable legal fees and courts costs will be subject to the deductible stated in the policy schedule, after the other possible deductions and reductions have been deducted.

6.7 Payment of indemnity

The insurer will pay indemnity after the court's final judgement or the board's ruling, or once the case has been settled amicably. In the absence of specific reasons to the contrary, the insurer will pay indemnity after each level of court.

If the legal proceedings become considerably prolonged beyond what is normal, the insurer may at its discretion pay advance indemnity.

6.8 Recovery of indemnity

If the opposing party has been ordered or has undertaken to pay the insured reimbursement of expenses which remains unpaid at the time of paying the insurance indemnity, the insured will be liable to transfer to the insurer the insured's right to the above reimbursement of expenses, up to the amount of the insurance indemnity.

If the insured has had to pay some of the insured's costs out of pocket by reason of the costs exceeding the sum insured stated in the policy schedule, the insured is liable to transfer to the insurer that portion of the opposing party's reimbursement of expenses which exceeds the out-of-pocket element paid by the insured.

In order for indemnity to be paid, the insured is also required to submit an enforceable judgment.

If the reimbursement of expenses that the insured's opposing party has been ordered or has undertaken to pay has been paid to the insured, or if the insured has otherwise claimed it to the insured's benefit, the insured will be required to return this reimbursement of expenses, with interest, to the insurer, up to the amount of the insurance indemnity paid.

Reimbursement of expenses includes legal fees and courts costs.

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.