

# COMMERCIAL LEGAL EXPENSES INSURANCE CLAIMS EXAMPLES

## Contract Dispute – with a customer

The insured provided goods to a new customer. The usual quality standards were in place and the goods delivered on time. However the invoices remained unpaid by the due date. Upon chasing, the customer refused to pay due to poor workmanship of the goods. The insured informed the customer that the goods were of a good standard and must be paid for or legal action would follow.

The insured was covered by the Legal Expenses Insurance for the SGD17,000 of legal costs incurred in pursuing the customer and enforcing the contract in Court.

## Contract Dispute – with a supplier

The insured agreed with a supplier to buy twelve months' worth of goods at a fixed price delivered in 12 instalments and to be paid in 12 instalments of SGD10,000 each. Part-way through the contract the supplier terminated the contract and ceased to supply the goods. The insured was forced to seek a replacement supplier who charged SGD15,000 per monthly instalment. The insured sued the original supplier for breach of contract and sought damages of SGD40,000, being the additional cost resulting from the breach.

The insured was covered by the Legal Expenses Insurance for the SGD24,000 of legal costs incurred in pursuing the original supplier and obtaining an out of court settlement.

## Criminal Prosecution

The insured was summoned to an interview by the police because one of the insured's employees sold alcohol to an underage person. The insured was charged and the case proceeded to Court. The insured's lawyer argued the adequacy of the shop's policies on refusing sales to minors and the regular training given to staff.

The insured was acquitted. The insured was covered by the Legal Expenses Insurance for his SGD12,000 legal costs.

## Employment Dispute

The insured had an employee who when he first joined the company had been a good worker.

After a few years he started to let his standards drop and was not doing his job properly. The insured could not tolerate this poor work so took advice from the Antares Legal Line about what they should do. The employee was given a warning and told to improve within the next 4 weeks or face a disciplinary hearing. The employee reacted positively to the process, improved their time keeping and standard of work.

The insured retained a good member of staff without having to go through the process of a dismissal and the costs of recruitment and retraining.

This also avoided hassle, wasted management time and legal costs being incurred. However if the employee had not responded following the process and required dismissal, the legal costs arising from any challenge to the validity of this would have been covered by the Legal Expenses Insurance.

## Property Dispute – as a landlord

The insured owned a terrace of shophouses which it let to various tenants. One tenant used their unit as a show room and office. At the end of the lease, the tenant did not renew the lease and left for alternative premises. The terms of the lease required the property to be put back in the same condition as at the date the tenancy commenced. The tenant merely left, leaving the unit unfit for any other tenant. The insured sued for the dilapidations.

The matter was eventually resolved at a Court hearing, but not before the insured had incurred SGD27,000 of legal costs which were covered by the Legal Expenses Insurance.

## Property Dispute – with a landlord

The insured leased the whole top floor of a large complex of offices. The roof leaked, preventing the insured from using their office and damaging their equipment.

The insured asked the landlord to fix the roof. The landlord claimed it was the tenant's responsibility to repair. The insured sued the landlord. In Court the Judge found the roof was the responsibility of the landlord and he ordered them to pay the insured damages to compensate for their losses.

The insured's legal costs of SGD13,000 were covered by the Legal Expenses Insurance, some of which was recovered from the landlord.

## Data Protection

The insured operated a medical centre. One of the insured's employees had a laptop containing 3,000 patient's personal data stolen from his home. The data included names, dates of birth, postcodes, and medical history. The Personal Data Protection Commission considered imposing a financial penalty on the insured. The insured through their lawyer explained the robust procedures they had for controlling the data including the encryption of the laptop.

The PDPC eventually decided not to impose the penalty. The insured was covered by the Legal Expenses Insurance for their legal costs of SGD8,500.

## Statutory Licence

The insured owns a nightclub. Following a number of complaints about noise and occasional violence outside the club at weekends the police investigated and chose to remove the insured's liquor licence. The insured appealed the decision setting out their excellent record and number of years trading with no incidents. On appeal, the police reinstated the insured's licence and they continued trading.

The insured's legal costs of SGD17,000 were covered by the Legal Expenses Insurance.

## Employee's breach of restrictive covenant

The insured owned a printing business, producing and delivering flyers for a number of real estate agents. The sales manager handed in their notice and went to work for a rival business.

Within a month all of the insured's major customers were approached by the ex-sales manager offering to supply the same or similar services. The insured sued the former sales manager for breach of the non-solicitation clause in the ex-employees employment contract. Following contact from the insured's lawyers, the former employee eventually agreed not to approach those customers for a period of 1 year.

The insured had his legal costs of SGD3,000 covered by the Legal Expenses Insurance.

**If you would like any further information or have any queries on the above examples, please contact our legal expenses underwriters on +65 6911 2790 or [legalexperiences@qicglobal.com](mailto:legalexperiences@qicglobal.com)**