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UNDERWRITING

Solution Commercial Legal Protection Insurance

Claims examples

Contractual Disputes

A retailer policyholder entered a contract with a marketing firm to run some events to promote a new product. Despite all invoices being paid in a timely manner, the marketing firm refused to complete the job originally agreed, stating that they had already exceeded the brief as set out in the contract. The policyholder lodged a claim and a lawyer was appointed who wrote to the firm, requiring them to comply with the terms of the agreement and complete the work to the retailer's satisfaction. They failed to comply, so the policy paid the legal fees of the lawyer to then sue the marketing firm which resulted in contractual damages being awarded to the policyholder.

Restrictive Covenant Dispute

An employee of the policyholder, a company providing physical therapy services, left the business and went to a rival. It was a strict stipulation in the employment contract that they were not to contact any of the policyholder's roster of clients for a 3 month period after ceasing their employment. The company was advised by a loyal client that they had received communication from the former employee offering the services of the new practice.

A claim was lodged under the policy and a lawyer appointed who wrote a cease and desist letter ensuring this behaviour stopped, and reserving the right to seek damages for any loss of business which might flow from the breach of the restrictive covenant. No further poaching of clients occurred.

Tax Audit

A manufacturing policyholder received notification from the ATO that their GST return was to be audited.

A claim was lodged under the policy which paid for the company's own accountant to respond to the audit, and after some back and forth with the ATO they were satisfied that no further GST was due and the matter was closed at no cost to the policyholder.

Debt Collection

The policyholder provided their cleaning service to a customer as agreed in a written contract and sent them an invoice for the cost of \$25,000. Their customer did not pay on the due date.

The policyholder tried to contact the customer to see what was happening. After two weeks of no response from the customer, the policyholder contacted the Debt Collection Service. The Debt Collection Service contacted the customer who then claimed the services provided by the policyholder were not as requested and therefore were not paying. The policyholder sued the customer using the Contractual Disputes Head of Cover. The matter was defended by the customer but the court found in favour of the policyholder, who was covered for their \$10,000 of legal costs.

Statutory Licence Protection

The policyholder held a statutory licence to import a specific type of pesticide. They were challenged by the authority who claimed that their quota had been exceeded, and their licence was suspended pending investigation. Without the licence the

policyholder soon ran out of stock and the business was under threat. The policy responded to pay for a lawyer to quickly intervene in the investigation and have the suspension lifted, allowing the policyholder to resume trading.

Landlord Disputes

The policyholder leased an office and distribution centre which after 6 months occupation suffered a serious and ongoing leak rendering part of the building unusable. The policyholder asked their landlord to make the necessary repairs as per the terms of the lease agreement. The landlord refused, claiming it was the policyholder's obligation to fix the problem. The policyholder made a claim under the policy and a lawyer was appointed to negotiate a resolution with the landlord. When this failed, the lawyer progressed the matter to court and the judge found the repair was entirely the responsibility of the landlord who had to fix the building and pay compensation for the loss of use. The policyholder's legal costs of the process were covered.

Third Party Damage to Good or Premises

A third party delivered a stack of building materials to the policyholder's business premises, leaving them unsecured in the external loading area. It was a stormy day, and a gust of wind toppled the stack over, causing it to fall on some delicate machinery which had also just been delivered. When the third party refused to accept responsibility, the policyholder made a claim and a lawyer was engaged to threaten court proceedings. A payment covering the full amount of damage and associated costs was made to the policyholder.

Legal Advice Service

The policyholder was asked by their client whether they would agree to a liquidated damages clause in a contract. The policyholder didn't understand this clause or what the implications could be, so they contacted the legal advice service and had it explained to them by a lawyer, allowing them to enter into the contract with confidence.

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