



Special requirements for insurance class B17: "legal expenses"

Non life insurance

Status as at:

1st January 2006

Choice of claims management system

In order to avoid conflict of interest, multiple-class insurers seeking to offer legal expenses insurance must select one of the following claims management systems before submitting applications for approval to operate (Art. 32, par. 1 of the Federal Insurance Supervision Law - ISL):

- either to entrust settlement of legal expenses claims to a separate legal entity (claims management organisation)
- or to give insureds the right to instruct an independent lawyer of their choice or any other person with the requisite qualifications to defend their interests.

If the insurance undertaking transfers settlement of the claims to a claims settlement undertaking, then the contract in this respect must:

- stipulate that the supervisory authority may monitor the processing of claims by the claims management organisation;
- stipulate that the insured may only submit legal expenses claims to the claims management organisation.

An insurance undertaking opts for the system of independent lawyer, this right must be clearly and prominently indicated in proposal forms, policies, general terms and conditions of insurance and claims forms (Art. 166 par. 3 of the Insurance Supervision Decree - ISD).

The claims management organisation may be an insurer, that only operates as a legal expenses insurer or a public limited undertaking or a co-operative that only provides services associated with the settlement of legal expenses claims, i.e. it may not operate any other class of insurance. The claims management organisation must have its principal office or a branch in Switzerland (Article 164 par. 2 of the ISD).

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