

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which are made under section 2(2) of the European Communities Act 1972, implement the Legal Expenses Insurance Directive ([87/344/EEC](#)). The Regulations impose requirements on legal expenses insurers carrying on legal expenses insurance, designed primarily to avoid possible conflict of interests. In particular such insurers must adopt one of the three arrangements set out in regulation 5 and must, subject to certain exceptions, offer the insured a free choice of lawyer to represent his interests in any enquiry or proceedings or whenever any actual conflict of interests arises (regulation 6).

Subject to certain exceptions, where insurance cover is provided in which legal expenses risks are related and subsidiary to risks in another class of general business, these subsidiary legal expenses risks are no longer required to be regarded as in being within that other class (regulation 10).