

**Circular No 164/2015**  
**Dated 14 Aug 2015**

To Members of the Malaysian Bar

**2016 Professional Indemnity Insurance Renewal | Premium, Terms and Conditions**

Bar Council is pleased to announce that the 2016 Professional Indemnity Insurance (“PII”) premium has been maintained at RM1,140 per lawyer, the same premium rate since 2013.

The table below provides a summary of the number of lawyers and the base premium amount charged since 2010.

<b>Year</b>	<b>Number of Lawyers</b>	<b>Base Premium Charged (RM)</b> *including contribution to Self-Insured Fund
2010	13,228	1,200
2011	13,429	1,200
2012	14,096	1,200
2013	15,518	1,140
2014	15,730	1,140
2015 (As at 31 Mar 2015)	16,410	1,140

**2016 PII Scheme Terms and Conditions**

The terms and conditions for 2016 are maintained with no change.

The salient terms of the 2016 policy are as follows:

<b>No</b>	<b>Item</b>	<b>2016 PII Terms</b>
(1)	Mandatory Limit of Indemnity	<p><b>Minimum: RM250,000 (one lawyer)</b> <b>Maximum: RM2,000,000 (36 lawyers and above)</b></p> <p><i>Cover for a firm increases by RM50,000 for every additional lawyer up to a maximum of RM2 million.</i></p>

(2)	Dishonesty of <ul style="list-style-type: none"> <li>• partner</li> <li>• employee</li> </ul>	Coverage limited to <b>RM350,000</b> in the aggregate, or the firm's mandatory limit, whichever is lower.  <i>Limited coverage for dishonesty is aimed at encouraging law firms to adopt risk management practices.</i>
(3)	Mitigation of Loss Rider Clause	This clause provides protection for a firm's clients' monies, as defined under the Solicitors' Accounts Rules 1990.  <i>Innocent partners of a firm can be indemnified for mitigating action(s) taken due to embezzlement of clients' monies, subject to the terms of the policy.</i>
(4)	Defamation	Coverage is the firm's mandatory limit of indemnity.  <i>Applicable to each and every claim</i>
(5)	Claims Loading	Claims loading is calculated at either:  (a) 5% of claims paid; or (b) 5 x 2016 Base Premium, whichever is lower.  <i>Claims loading is subject to a further maximum cap of 25% (to apply over the period of five years).</i>
(6)	Reduced Excess Option	Firms can opt to lower their base excess, subject to payment of additional premium.
(7)	Worldwide Coverage Option	Option for worldwide territorial and jurisdictional coverage is available to all firms at an additional premium.

### **2016 PII Renewal — Online Renewal System**

On 17 June 2015, Jardine Lloyd Thompson Sdn Bhd ("JLT"), the PII Scheme broker, sent an email to all firms requesting law firms to nominate an authorised person to submit the 2016 PII online proposal form. This is a prerequisite to access the online renewal system.

We urge all Members to nominate their authorised persons and submit the online proposal forms, as your invoice will be produced instantly (should your firm have no pending claims).

There has been a steady increase of Members opting to renew online, as it is faster used in this manner, and more convenient. At the last PII Renewal, 3,656 firms (ie 66% of all firms) renewed their PII policy online.<sup>1,2</sup>

To renew your PII online, go to [www.PRAKTIS.com.my](http://www.PRAKTIS.com.my).

### **Help Desk**

#### **(a) PII and Risk Management Department**

If you require further clarification or have any suggestions regarding PII and risk management, or have an issue with a claim or the services of the PII Scheme's broker, please contact the PII and Risk Management Department by telephone at 03-2032 4511, or by email at [pirm@malaysianbar.org.my](mailto:pirm@malaysianbar.org.my).

Your feedback is vital to the continuous improvement and progression of the PII Scheme.

#### **(b) Jardine Lloyd Thompson Sdn Bhd**

If you have not received the email from JLT regarding the nomination of an authorised person to complete the online proposal form, require assistance on the online submission, or have any queries on the 2016 PII online proposal form, please contact JLT's dedicated MBar Department at 03-2723 3241 or 03-2723 3388 for assistance.

Thank you.

**Ragunath Kesavan**  
**Chairperson**  
**Professional Indemnity Insurance Committee**

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<sup>1</sup> 2014/15 Annual Report, 69<sup>th</sup> AGM of the Malaysian Bar, pg 339.

<sup>2</sup> Circular No 145/2014 | 2015 Professional Indemnity Insurance Premium Maintained at RM1,140, dated 9 July 2014.