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## THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME EXPLANATORY NOTE FOR YEAR 2007

[This note is based on the rating structure agreed between the Bar Council and the Insurer, Oriental Capital Assurance Bhd (OCA). Please refer to 2007 Certificate of Insurance for terms and conditions of policy coverage]

No.	Item	Description
1.	<b>Base Premium</b>	<p>For the Policy Year 2007, the Base Premium is RM 1,425 per practitioner. A firm's premium will be calculated in this manner: -</p> <ul style="list-style-type: none"> <li>a. Firms which are claims-free and/or received NCB in 2006, will pay a <b>maximum increase of 25% on their 2006 net premium</b>;</li> <li>b. Firms which paid a claims loading in 2006 will see a <b>maximum decrease of 20% on their 2006 net premium</b> capped at 5 x 2007 Base Premium, whichever is lower. (Base Premium = RM 1,425 x No. of Practitioners) (The maximum decrease is 20%. Depending on the rating of each firm in 2006, the decrease may be less than 20%.)</li> <li>c. Firms which paid claims loading in 2006 but are now out of the 5-year rating period will pay <b>RM 1,425 x No. of Practitioners</b>. Applicable to firms which had claims notifications prior to 1-1-2002.</li> <li>d. New firms will pay <b>RM 1,425 x No. of Practitioners</b>.</li> </ul>
2.	<b>Mandatory Limit &amp; Base Excess</b>	<p>The Mandatory Limit and Base Excess of a Firm are based on the number of Legal Practitioners in the Firm.</p> <p>The minimum Mandatory Limit is RM 250,000 for a single practitioner Firm and the maximum Limit is RM 2,000,000 for a Firm of 36 Practitioners and above.</p> <p>The Base Excess is the amount which each Firm has to bear in respect of payments made by the Insurer to a claimant or Defence Cost.</p>
3.	<b>Claims Loading</b>	<p>For Firms who paid claims loading in 2006, their 2007 premium will be calculated as stated in 1 [b].</p> <p>A claims loading follows the Legal Practitioner [Partner or Sole Proprietor only]</p> <p><b>Example:</b> Legal Practitioner A, who was a partner or sole proprietor at Firm X, leaves Firm X to join Firm Y. If Firm X paid a claims loading in 2006, the premium for Legal Practitioner A at Firm Y will carry a claims loading. The premium for Firm Y will be determined by its own claims record.</p> <p><b>For notifications made since 1-1-2006, claims loading will only be applied where Insurers have made a payment on that notification.</b></p>
4.	<b>Notification of Claims</b>	<p>Firms are required to act in accordance with <b>Clause 14 of the Certificate of Insurance 2006</b> (or its equivalent in the Certificate for 2007) and notify claims to the brokers as soon as practicable BUT</p> <ul style="list-style-type: none"> <li>▪ No later than <b>30 days</b> from the date the Firm first becomes aware of the <b>Writ or Letter of Demand</b>;</li> <li>▪ No later than <b>45 days</b> from the date the Firm first becomes aware of the <b>Circumstance</b>.</li> </ul>
5.	<b>Changes for 2007</b>	<ul style="list-style-type: none"> <li>▪ There will be <b>NO</b> work load or responsibility load applicable;</li> <li>▪ Members are encouraged to notify any Claims or Circumstance that may lead to a claim, as it will not affect their premium.</li> </ul>