

## THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME

### EXPLANATORY NOTE FOR YEAR 2010

[This note is based on the rating structure agreed between the Bar Council and the Insurer, Pacific & Orient Insurance Co. Berhad]

No.	Item	Description
1.	<b>Base Premium</b>	<p>For the Policy Year 2010, where Firm has NO Claim Paid: -</p> <ul style="list-style-type: none"> <li>The Base Premium of <b>RM1300 per practitioner</b> will apply ;</li> <li>The Base Premium of <b>RM1300 per practitioner</b> will apply to newly established practices.</li> <li>For a Practitioner who was a Partner or a Sole Proprietor in their previous Firm and paid a separate past practice claims load in 2009, the Base Premium of <b>RM1300 per practitioner</b> will apply <b>UNLESS</b> payment has been paid by Insurers on a claim.</li> </ul>
2.	<b>Mandatory Limit, Sub Limit and Base Excess</b>	<p>The Mandatory Limit, Sub Limit and Base Excess of a Firm are based on the number of Legal Practitioners in the Firm.</p> <ul style="list-style-type: none"> <li>The minimum Mandatory Limit is RM250,000 for a single practitioner Firm and the maximum Limit is RM2,000,000 for a Firm of 36 Practitioners and above.</li> <li>Sub Limit for Misconduct of Principal and/or Employee is RM350,000 or Limit of Indemnity whichever is lower</li> <li>The Base Excess is the amount that each Firm has to bear in respect of payments made by the Insurer to a claimant or Defence Cost.</li> </ul> <p>All Firms will have the option to lower their Base Excess by 50%, subject to additional premium payable. Notwithstanding this, provisions of Clause 11 a, b &amp; c of the Certificate of Insurance will apply.</p>
3.	<b>Claims Loading For 2010</b>	<ol style="list-style-type: none"> <li>Applicable to ALL claims paid by Insurers after 1-1-2006;</li> <li>For 2010, calculated at <b><i>EITHER</i></b> 5% of claims paid <b><i>OR</i></b> 5 x 2010 Base Premium, whichever is lower.</li> <li>Further subject to maximum cap of 25% of amount paid by Insurers for that particular claim.</li> <li>25% Cap to apply over 5 years and takes into account any claims loads paid for that particular claim by the Firm in 2006, 2007, 2008 and 2009.</li> </ol> <p><b>Example:</b> Firm A has 100 Practitioners and a claim paid on 1-2-2007 for RM2 million. Firm A's Base Premium is = RM1300 x 100 = 130,000.</p> <p><b>2010 Claims Loading: <i>Either</i></b> 5% of RM2million = RM100,000 <b><i>OR</i></b> 5 x 130,000 = RM650,000; whichever is lower.</p> <ul style="list-style-type: none"> <li>For 2010, the applicable claims loading is RM 100,000 as it's lower; AND</li> <li>The maximum claims loading payable for the RM 2 million claim paid is RM500,000.00 over the period of 5 years.</li> <li>This is to be added to the Firm's Base Premium</li> </ul> <p><b>Where Firm A has NOT paid any claims loads for this claim:</b></p> <ul style="list-style-type: none"> <li>Claims loading payable for 2010 is RM100,000;</li> <li>Firm A's Base Premium is = RM130,000</li> <li>Total premium payable for 2010 is RM230,000 + GST</li> </ul> <p><b>Where Firm A has PAID claims loads in the past:</b></p> <ul style="list-style-type: none"> <li>Take into account loadings paid in years 06,07,08 and 09 for that claim, if any.</li> <li><i>Example</i> the claims loadings paid in past 3 years was RM250,000.</li> <li>Maximum claims loading for this claim is RM500,000;</li> <li>Taking into account what was paid in the past, the remaining claims loading payable for this paid claim is RM250,000 spread over 5 years.</li> <li>Premium payable:             <ul style="list-style-type: none"> <li>Claims loading payable for 2010 is RM50,000;</li> <li>Firm A's Base Premium is = RM130,000;</li> <li>Total premium payable for 2010 is RM180,000 + GST</li> </ul> </li> </ul> <p>Take note that claims load paid in 06, 07, 08 and 09 is only taken into account once for any period of Insurance eg if it is taken into consideration in 2009 then for 2010 it will not.</p>

4.	Notification of Claims and/or Circumstance	<p><b>Members MUST notify JLT when they become aware of any Circumstance that may lead to a claim or a Claim or a Letter of Demand. Your premium will not be affected until and unless a payment has been made by Insurers.</b></p> <p>Firms are required to comply with the COI and notify claims/circumstances to JLT as soon as practicable BUT</p> <ul style="list-style-type: none"><li>▪ And no later than <b>60 days from date of awareness</b> for 2010</li></ul> <p><b>Refer to Clause 14 of the 2009 COI or its equivalent in the 2010 COI.</b></p>
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