

## THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME

### EXPLANATORY NOTE FOR YEAR 2013

[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 2013, where Firm has NO Claim Paid: -</p> <ul style="list-style-type: none"> <li>The Base Premium of <b>RM1140 per practitioner</b> will apply ;</li> <li>The Base Premium of <b>RM1140 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 2013, the Base Premium of <b>RM1140 per practitioner</b> will apply <b>UNLESS</b> payment has been made 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 2013</b>                    | <ol style="list-style-type: none"> <li>Applicable to ALL claims paid by Insurers after 1-1-2008;</li> <li>For 2013, calculated at <b><i>EITHER</i></b> 5% of claims paid <b><i>OR</i></b> 5 x 2013 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 from the date of notification</li> </ol> <p><b>Example:</b></p> <p>Firm A has 100 Practitioners and a notification in 2008 is settled in 2013 for RM2 million.<br/>Firm A's Base Premium is = RM1140 x 100 = 114,000.</p> <p><b>2013 Claims Loading: <i>Either</i></b> 5% of RM2million = RM100,000 <b><i>OR</i></b> 5 x 114,000 = RM570,000; whichever is lower.</p> <ul style="list-style-type: none"> <li>For 2013, 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. The 5 years run from 2008 to 2013.</li> <li>The claims loading is added to the Firm's Base Premium</li> </ul> <p><b>Calculation:</b></p> <ul style="list-style-type: none"> <li>Claims loading payable for 2013 is RM100,000;</li> <li>Firm A's Base Premium is = RM114,000</li> <li>Total premium payable for 2013 is RM214,000 + GST</li> </ul> |
| 4.  | <b>Notification of Claims and/or Circumstance</b> | <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 on that Notification.</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></li> </ul> <p><b>Refer to Clause 14 of the 2013 COI or its equivalent in the 2012 COI.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |