

THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME

EXPLANATORY NOTE FOR YEAR 2014

[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.	Base Premium	<p>For the Policy Year 2014, where Firm has NO Claim Paid: -</p> <ul style="list-style-type: none"> The Base Premium of RM1,140.00 per practitioner will apply; And the same will apply to newly established practices. 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 RM1,140.00 per practitioner will apply UNLESS payment has been made by Insurers on a claim.
2.	Mandatory Limit, Sub Limit and Base Excess	<p>The Mandatory Limit, Sub - Limit and Base Excess of a Firm is based on the number of Legal Practitioners in the Firm.</p> <ul style="list-style-type: none"> 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. A sub - limit for Misconduct of Principal and/or Employee of RM350,000 or Firm's Limit of Indemnity whichever is lower applies 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. <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) & (c) of the Certificate of Insurance will apply.</p>
3.	Claims Loading For 2014	<ol style="list-style-type: none"> Applicable to ALL claims paid by Insurers after 1-1-2009; For 2014, calculated as <i>EITHER</i> 5% of claims paid <i>OR</i> 5 x 2014 Base Premium, whichever is lower. Further subject to maximum cap of 25% of amount paid by Insurers for that particular claim. 25% Cap to apply over 5 years from the date of notification <p>Example:</p> <p>Firm A has 100 Practitioners and a notification in 2010 is settled in 2013 for RM2 million. Firm A's Base Premium is = RM1,140 x 100 = RM114,000.</p> <p>2014 Claims Loading: <i>EITHER</i> 5% of RM2million = RM100,000 <i>OR</i> 5 x RM114,000 = RM570,000; whichever is lower.</p> <ul style="list-style-type: none"> For 2014, the applicable claims loading is RM 100,000 as it is lower; AND 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 2010 to 2015. The claims loading is added to the Firm's Base Premium <p>Calculation:</p> <ul style="list-style-type: none"> Claims loading for 2014 is RM100,000; Firm A's Base Premium is = RM114,000 Total premium payable for 2014 is RM214,000 + GST
4.	Notification of Claims and/or Circumstance	<p>Firms MUST notify JLT when they become aware of any Circumstance that may lead to a claim or a Claim or a Letter of Demand. The Firm's premium will not be affected until and unless a payment has been made by Insurers on that Notification.</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"> No later than 60 days from date of awareness <p>Refer to Clause 13 of the 2014 COI or its equivalent in the 2013 COI.</p>