

THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME

EXPLANATORY NOTE FOR YEAR 2015

[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 2015, where Firm has NO Claim Paid: -</p> <ul style="list-style-type: none"> The Base Premium of RM1,140 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 2014, the Base Premium of RM1,140 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 the 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 10 (a), (b) & (c) of the Certificate of Insurance will apply.</p>
3.	Claims Loading For 2015	<ol style="list-style-type: none"> Applicable to ALL claims notified to Insurers on or after 1-1-2010 where the Insurer have made a payment in respect of the claim over and above the Base Excess amount; Calculated as EITHER 5% of claims paid by Insurers OR 5 x 2015 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 made in 2010 is settled in 2013 for RM2 million. Firm A's Base Premium is = RM1,140 x 100 = RM114,000.</p> <p>2015 Claims Loading: EITHER 5% of RM2million = RM100,000 OR 5 x RM114,000 = RM570,000; whichever is lower.</p> <ul style="list-style-type: none"> For 2015, 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 2015 is RM100,000; Firm A's Base Premium is = RM114,000 Total premium payable for 2015 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 2015 COI</p>