

## THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME

### EXPLANATORY NOTE FOR YEAR 2016

[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 2016, where Firm has NO Claim Paid: -</p> <ul style="list-style-type: none"> <li>The Base Premium of <b>RM1,140 per practitioner</b> will apply and the same 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 2015, the Base Premium of <b>RM1,140 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 is 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>A sub - limit for Misconduct of Principal and/or Employee of RM350,000 or the Firm's Limit of Indemnity whichever is lower applies</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 10 (a), (b) &amp; (c) of the Certificate of Insurance will apply.</p>
3.	<b>Claims Loading For 2016</b>	<ol style="list-style-type: none"> <li>Applicable to ALL claims notified to Insurers on or after 1-1-2011 where the Insurer have made a payment in respect of the claim over and above the Base Excess amount;</li> <li>Calculated as <b>EITHER</b> 5% of claims paid by Insurers <b>OR</b> 5 x 2016 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 2011 is settled in 2013 for RM2 million. Firm A's Base Premium is = RM1,140 x 100 = RM114,000.</p> <p><b>2016 Claims Loading: EITHER</b> 5% of RM2million = RM100,000 <b>OR</b> 5 x RM114,000 = RM570,000; whichever is lower.</p> <ul style="list-style-type: none"> <li>For 2016, the applicable claims loading is RM 100,000 as it is the lower amount; 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 2011 to 2016.</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 for 2016 is RM100,000;</li> <li>Firm A's Base Premium is = RM114,000</li> <li>Total premium payable for 2016 is RM214,000 + GST</li> </ul>
4.	<b>Notification of Claims and/or Circumstance</b>	<p><b>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.</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>No later than <b>60 days from date of awareness</b></li> </ul> <p><b>Refer to Clause 13 of the 2016 COI</b></p>