

THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME

EXPLANATORY NOTE FOR YEAR 2017

[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 Clause 37 of the 2017 Certificate of Insurance (COI)	<p>For the Policy Year 2017, where Firm has NO Claim Paid: -</p> <ul style="list-style-type: none"> The Base Premium of RM1,190 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 2016, the Base Premium of RM1,190 per practitioner will apply UNLESS payment has been made by Insurers on a claim.
2.	Mandatory Limit, Sub Limit and Base Excess Clauses 5-11 of the 2017 COI and the Schedule of Insurance	<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. However, for Misconduct of a Principal and/or Employee the limit is sub-limited to RM350,000 or the Firm's Limit of Indemnity, whichever is the lower The Base Excess is the amount that each Firm has to bear towards the defence cost, judgement or settlement of a claim. The Insurer shall provide indemnity for those amounts above the Base Excess <p>All Firms 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 2017 Clause 38 of the 2017 COI	<ol style="list-style-type: none"> Applicable to ALL claims notified to Insurers on or after 1-1-2012 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 2017 Base Premium, whichever is lower. Further subject to maximum cap of 25% of amount paid by Insurers for that particular claim. The loading applies for a period of 5 years from the date of notification of the claim <p>Example:</p> <p>Firm A has 100 Practitioners and a notification in 2012 is settled in 2014 for RM2 million. Firm A's Base Premium is = RM1,190 x 100 = RM119,000.</p> <p>2017 Claims Loading: EITHER 5% of RM2million = RM100,000 OR 5 x RM119,000 = RM595,000; whichever is lower.</p> <ul style="list-style-type: none"> For 2017, the applicable claims loading is RM 100,000 as it is the lower amount; 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 2012 to 2017. The claims loading is added to the Firm's Base Premium <p>Calculation:</p> <ul style="list-style-type: none"> Claims loading for 2017 is RM100,000; Firm A's Base Premium is = RM119,000 Total gross premium payable for 2017 is RM219,000 (subject to 6% GST)
4.	Notification of Claims and/or Circumstance Clause 12 of the 2017 COI	<p>MUST NOTIFY JLT as soon as you become aware of any (but no later than 60 days):</p> <ul style="list-style-type: none"> ➤ Circumstance that may lead to a claim e.g. DB complaint, discovery of an error/omission; OR ➤ Claim (i.e. a letter of demand (LOD)/writ/summons/counter claim/notice of 3rd party proceedings or threat/intimation of a claim). <p>The Firm's premium will not be affected by a Claims Loading until & unless Insurers have made a payment on that Notification.</p> <p>CALL JLT at 03-2723 3241 or email to mbar@iltasia.com for any queries</p>