

THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME

EXPLANATORY NOTE FOR YEAR 2018

[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 Certificate of Insurance (COI)	<p>For the Policy Year 2018, where a Firm has <u>NO Claim Paid</u>: -</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 2017, 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 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 Each & Every Claim for a single practitioner Firm and the maximum Limit is RM2,000,000 Each & Every Claim 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 in the Aggregate, whichever is the lower, The Base Excess is the amount that each Firm has to bear towards the defence costs, 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 shall apply.</p>
3.	Claims Loading Clause 38 of the COI	<ol style="list-style-type: none"> Applicable to ALL claims notified during the last 5 years, 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 2018 Base Premium, whichever is lower. The loading is applied during Policy renewal within a period of 5 years from the date of notification of the claim The total amount of loading paid over such 5 year period shall not exceed 25% of amount paid by Insurers for that particular claim. <p>Example:</p> <p>Firm A has 100 Practitioners and a notification made in 2013 is settled and paid by Insurers in 2015 for RM2million. Firm A's Base Premium is = RM1,190 x 100 practitioners = RM119,000.</p> <p>2018 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 2018, the applicable claims loading is RM100,000 as it is the lower amount; AND The maximum claims loading payable for the RM 2 million claim paid is RM500,000 over the period of 5 years. The 5 years run from when it was first notified in 2013 until 2018. The claims loading is added to the Firm's Base Premium <p>Calculation:</p> <ul style="list-style-type: none"> Claims loading for 2018 is RM100,000; Firm A's Base Premium is = RM119,000 Total gross premium payable for 2018 is RM219,000 (subject to 6% GST)
4.	Notification of Claims and/or Circumstance Clause 12 of the COI	<p>MUST NOTIFY JLT as soon as you become aware (but no later than 60 days) of any:</p> <ul style="list-style-type: none"> ➤ Circumstances that may lead to a claim e.g. DB complaint, discovery of error/omission/dishonesty; OR ➤ Claim [i.e. a letter/notice of demand (LOD)/writ/summons/counter claim/notice of 3rd party proceedings or a 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>