

THE MALAYSIAN BAR PROFESSIONAL INDEMNITY INSURANCE SCHEME

EXPLANATORY NOTE FOR YEAR 2022

[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 2022, where a Firm has NO Claim Paid: -</p> <ul style="list-style-type: none"> The Base Premium of RM1,129 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 2021, the Base Premium of RM1,129 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 by 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 the Firm must bear, in the event of a claim, towards any amount incurred in respect of the claim e.g. legal defense costs, judgement/settlement sum in a claim. Clause 10 specifies circumstances where the Base Excess shall be increased. The Insurer shall then pay up to the Mandatory Limit/Sub-Limit for those amounts above the Base Excess Firms have the option (at policy inception/renewal) to reduce their Base Excess by 50%, subject to additional premium payable. The reduced Base Excess shall still be subject to Clause 10.
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 2022 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: Firm A has 2 practitioners. A notification which was made in 2018, was settled and paid by Insurers in 2019 for RM300,000. The Base Premium for 2022 is = RM1,129 x 2 practitioners = RM2,258.</p> <p>2022 Claims Loading: Either (1) 5% of RM300,000 = RM15,000; OR (2) 5 x RM2,258 = RM11,290; whichever is lower. <ul style="list-style-type: none"> For 2021, the applicable claims loading is RM11,290 which is the lower amount; AND The 5 years run from when it was first notified in 2018 until 2023. The claims loading is added to the Firm's Base Premium </p> <p>Calculation: <ul style="list-style-type: none"> Claims loading for 2022 is RM11,290; Firm A's Base Premium is = RM2,258 Total gross premium payable for 2022 is RM13,548 (subject to 6% Service tax) </p>
4.	Notification of Claims and/or Circumstance Clause 12 of the COI	<p>MUST NOTIFY Marsh (by email) 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 renewal premium will not be affected by a Claims Loading until & unless Insurers have made a payment on that Notification.</p> <p>Email to mbar@marsh.com or call Marsh at 03-2723 3241 for any queries</p>