



**Circular No 194/2017  
Dated 6 Sept 2017**

To Members of the Malaysian Bar

**2018 Professional Indemnity Insurance Renewal | Premium, Terms and Conditions**

The Bar Council is pleased to announce that the Professional Indemnity Insurance (“PII”) premium for 2018 will remain unchanged, at RM1,190 per lawyer. There will also be no changes to the terms and conditions.

The same premium has been maintained since 2017 as a result of the renewal of the three-year-agreement (“TYA”) — for premium years 2018 to 2020 — that the Bar Council entered into with the Insurer in 2017. Due to an increasing trend of claims in the last few years, we were placed on a risk band that necessitated an increase in premium of between 5% to 10% for the year 2018. After negotiations, however, the Insurer agreed to restructure the TYA, and decided not to increase the premium.

Under this new TYA, the premium pricing is determined by the pattern of claims on the PII Scheme in the last seven years. Although there is no change in the premium for 2018, it is expected that the premium for 2019 will be increased by a further 7%.

Members of the Bar are therefore advised to continuously introduce, practise, and improve risk management procedures within their law firms. Experience has proven that a prudent risk management policy, and education of staff and lawyers on this subject, do reduce the risk of claims. Such reduction of risk of claims would positively impact any future premium pricing.

**2018 PII Terms and Conditions**

No	Item	Terms of 2018 PII Scheme
(1)	Mandatory limit of indemnity	Minimum: RM250,000 (one lawyer) Maximum: RM2,000,000 (36 lawyers and above) <i>Cover for a firm increases by RM50,000 for every additional lawyer, up to maximum of RM2,000,000.</i>
(2)	Dishonesty of <ul style="list-style-type: none"><li>▪ partner</li><li>▪ employee</li></ul>	Coverage limited to RM350,000 in the aggregate, or the firm’s mandatory limit, whichever is lower. <i>Limited coverage for dishonesty is aimed at encouraging law firms to adopt risk management practices.</i>

(3)	Mitigation of loss rider clause	This clause provides protection for a firm's clients' monies, as defined under the Solicitors' Accounts Rules 1990. <i>Innocent partners of a firm can be indemnified for mitigating action(s) taken due to embezzlement of clients' monies, subject to the terms of the policy.</i>
(4)	Defamation	Coverage is the firm's mandatory limit of indemnity. <i>Applicable to each and every claim.</i>
(5)	Notification of circumstance/claim	Notification period is 60 days of becoming aware of a circumstance/claim.
(6)	Claims loading	Claims loading is calculated at either: (a) 5% of claims paid; or (b) 5 x [base premium for 2018], whichever is lower. <i>Claims loading is subject to a further maximum cap of 25% (to apply over the period of five years).</i>
(7)	Reduced excess option	Firms can opt to lower their base excess, subject to payment of additional premium.
(8)	Worldwide coverage option	Option for worldwide territorial and jurisdictional coverage is available to all firms at an additional premium.

### **2018 PII Renewal — Online Renewal System**

On 14 June 2017 and again on 3 July 2017, the PII Scheme Broker, Jardine Lloyd Thompson Sdn Bhd ("JLT") sent an email to all law firms, requesting confirmation of their respective and correct email addresses for submission of the 2018 PII online proposal form.

The 2018 PII renewal process for all law firms commenced during the second week of August 2017. JLT has disseminated the 2018 Renewal Notice to all law firms by email. The email contained each firm's user ID and password, to enable the firm to log into the online renewal system, accessible at [www.PRAKTIS.com.my](http://www.PRAKTIS.com.my).

It is more convenient and, barring any previous notifications of claims against your firm, your invoice will be produced instantly. During last year's renewal process, 91% of law firms renewed their PII policy online.

## **Help Desk**

### **(1) PII and Risk Management Department**

If you require further clarification or have any suggestions regarding PII and risk management, or have an issue with a claim, or the services of the PII Scheme's broker, please contact the PII and Risk Management Department by telephone at 03-2032 4511, or by email at [pirm@malaysianbar.org.my](mailto:pirm@malaysianbar.org.my).

Your feedback is vital to the continuous improvement of the PII Scheme.

### **(2) Jardine Lloyd Thompson Sdn Bhd**

If you have not received the email from JLT regarding the nomination of an authorised person to complete the online proposal form, require assistance on the online submission, or have any queries regarding the 2018 PII online proposal form, kindly contact JLT directly by telephone at 03-2723 3388 (general line) / 03-2723 3241 (dedicated for the Malaysian Bar).

Thank you.

**G K Ganesan Kasinathan**  
**Chairperson**  
**Professional Indemnity Insurance Committee**