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Malaysian Bar**

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**Circular No 354/2026
Dated 25 Sept 2026**

To Members of the Malaysian Bar

2027 Professional Indemnity Insurance Renewal | Premium, Terms and Conditions

The Bar Council has implemented several changes to the 2027 Professional Indemnity Insurance (“PII”) Scheme. These changes are essential to uphold transparency, stay current with the profession’s requirements and safeguard the integrity of the PII Scheme.

The changes are set out below, each of which is intended to provide a benefit:

(1) Change of Insurer for the PII Scheme

The insurer for the 2027 PII Scheme is Berjaya Sompo Insurance Berhad, replacing Pacific & Orient Insurance Co Berhad. The appointment of Berjaya Sompo Insurance Berhad was made following an extensive and competitive tender process for the 2027 PII Scheme. In appointing the new insurer and refining the Scheme’s terms, the Bar Council seeks to enhance governance and ensure continuous improvement in coverage, risk management and service quality for the benefit of Members.

(2) Change to the Minimum Limit of Indemnity and Base Excess

The limit of indemnity for firms with one to five lawyers has been standardised to RM500,000 (previously ranging from RM250,000 for one lawyer up to RM450,000 for five lawyers). Firms with six to 35 lawyers will receive a RM50,000 increase on top of their current limit of indemnity.

For all firms in the one-to-35 lawyer range, the base excess will remain unchanged.

Firms with 36 lawyers and above (indemnity limit capped at RM2 million) will benefit from a reduction in base excess.

As a result, in 2027, every Member of the Bar will receive either a higher limit of indemnity or a lower base excess.

With the minimum limit of indemnity for firms with one to five lawyers now standardised at RM500,000, Members may top up their coverage to achieve a higher total limit (inclusive of the mandatory limit), at a significantly lower premium.



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For example, a one-lawyer firm that previously paid approximately RM600 to reach RM750,000 in total coverage would now pay approximately RM350. The earlier top-up cost is effectively absorbed within the mandatory premium, resulting in further savings for Members.

The complete table of mandatory limit of indemnity and base excess for all law firms is set out in **Appendix 2**.

(3) Increase in Premium

Notwithstanding the standardised limit of indemnity of RM500,000 for firms with one to five lawyers, a RM50,000 increase in coverage for firms with six to 35 lawyers and the reduction in base excess for firms with 36 lawyers and above, the PII premium for the 2027 renewal will see only a marginal increase, at **RM1,150 (excluding tax)** per advocate and solicitor.

When viewed against the substantially higher indemnity limits and enhanced protections provided under the 2027 PII Scheme, this marginal adjustment in premium represents improved value for Members and a more efficient allocation of PII costs.

(4) Introduction of New Policy Clause: Clause 11(e)

A significant proportion of current claim payouts under the PII Scheme arises from misconduct and dishonesty related to clients' accounts. This trend is unsustainable, as substantial payouts of this nature will inevitably result in higher overall losses and, over time, increased premiums for all firms. In order to ensure the long-term sustainability of the Scheme, further measures are required to reduce incidents of misconduct and dishonesty in the management of client funds held in clients' accounts.

Accordingly, clause 11(e) has been introduced into the 2027 policy as a targeted risk management measure to be observed by all firms. It is designed to:

- (a) strengthen controls over clients' accounts through dual signatories, who are partners, multi-factor authentication and segregation of duties;
- (b) reduce the likelihood and impact of misappropriation of client funds; and
- (c) promote a higher and more consistent standard of practice management across firms.

These measures are intended to protect clients' interests, support firms that already uphold sound practices and preserve the long-term affordability and sustainability of the PII Scheme for all Members. The Bar Council recognises that many firms already apply similar safeguards. Clause 11(e), therefore, seeks to standardise these prudent practices across the profession, without imposing unnecessary burdens.

Clause 11(e) reads as follows:

The firm complied with risk management procedures set out below at the time of such misconduct:

- (i) *For firms with more than one partner, all transactions involving the operating of Clients' Accounts must have two signatories of whom are partners except to stop operation of an account or the cancellation of any transaction, where one signatory will suffice;*
- (ii) *In the event that the firm utilises electronic banking in respect of Clients' Accounts, the use of multi-factor authentication devices must be in place for authorising access to Clients' Accounts which is managed by the partners of the law firm; and segregation of duties so that system access for setting up payees or payments is distinct from access for approving or releasing payments; and*
- (iii) *the Firm must comply with the Solicitors' Account Rules 1990 and the Accountant's Report Rules 1990 (as amended from time to time).*

Summary of Benefits and Anticipated Questions

In summary, the changes to the 2027 PII Scheme are intended to deliver tangible benefits to all parties:

- (a) **For Members** — higher mandatory limits, stable or reduced base excess levels for many firms and a focus on long-term premium sustainability.
- (b) **For the Scheme as a whole** — improved risk management, reduced exposure to misconduct-related losses and enhanced governance that supports the continued viability of the Scheme.

Members may have questions about the reasons for these changes and their impact. In particular (clarifications are included):

- (a) **Why was a new insurer appointed?**
The change of insurer is the outcome of the tender process described above, which was undertaken to ensure that the Scheme continues to offer sustainable pricing, appropriate coverage and robust governance for the benefit of Members.
- (b) **Why has the minimum limit of indemnity been increased?**
The higher limit is intended to provide more adequate protection for Members, reflecting the increasing value and complexity of legal work and to better protect clients. The increase has been structured to provide more cover without any increase in base excess and with only a marginal overall increase in premium.
- (c) **How will Clause 11(e) affect my firm?**
For many firms, clause 11(e) will largely formalise safeguards that are already in place (such as dual signatories and segregation of duties). Firms that need to adjust their procedures should find that the requirements are practical and focused on protecting client monies as a necessary risk management measure.

The terms and conditions for the 2027 PII Scheme are stated in **Appendix 1**, while the minimum limit of indemnity and base excess are contained under **Appendix 2**.

2027 PII Renewal — Online Renewal System

Aon Insurance Brokers (Malaysia) Sdn Bhd (“Aon”) will open the portal for Members to renew their PII on **1 Oct 2026 (Thursday)**.

Law firms will receive an email from Aon confirming the commencement date of the 2027 PII renewal and providing instructions for accessing the online renewal system. If you do not receive the email or experience difficulty accessing the system, please contact Aon.

Claim Notifications

Law firms are reminded to notify all claims and circumstances arising during the current policy year as soon as practicable and within 60 days of becoming aware of them. Please take note of clause 12 of the 2026 Certificate of Insurance (“COI”) which reads:

Claims or notifiable circumstances

- (a) As a condition precedent to liability **you** must notify **us** in writing as soon as reasonably practicable but no later than 60 days, of any **claim** first made against **you** during the **period of insurance**;*
- (b) **You** must notify **us** in writing as soon as reasonably practicable but no later than 60 days of any **notifiable circumstances** of which **you** first become aware of during the **period of insurance**. We shall treat any subsequent **claim** arising from the same originating cause as the circumstances notified in accordance with this Clause as if it had been made against **you** during this **period of insurance**.*
- (c) Notice under this Policy shall be given in writing addressed to:*

*Aon Insurance Brokers (Malaysia) Sdn Bhd
Level 10, Tower 3, Avenue 7
The Horizon, No. 8, Jalan Kerinchi
Bangsar South, 59200, Kuala Lumpur
Telephone : +603 2773 7059
Email : malaysianbar@aon.com*

Professional Indemnity and Risk Management Department Help Desk

For clarification or suggestions relating to PII and risk management, or for assistance with claims or the services provided by the PII Scheme’s broker, please contact the Malaysian Bar’s Professional Indemnity and Risk Management Department by telephone at 03-2050 2001, or by email at pirm@malaysianbar.org.my.

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

Thank you.

Tunku Farik b Tunku Ismail and New Sin Yew
Co-Chairpersons
Bar Council Professional Indemnity Committee

Appendix 1

No	Item	Terms and Conditions of the 2027 PII Scheme
(1)	Mandatory limit of indemnity	Minimum: RM500,000 (one to five lawyers). Maximum: RM2,000,000 (36 lawyers and above). <i>Coverage for a firm increases by RM50,000 for every additional lawyer (firms with six lawyers and above), up to a maximum of RM2,000,000, for each and every claim.</i>
(2)	Misconduct of partner or employee	Coverage in respect of misconduct for any one claim and in the aggregate is: (a) RM250,000 in respect of a firm comprising one lawyer; (b) RM300,000 in respect of a firm comprising two lawyers; and (c) RM350,000 in respect of a firm comprising three or more lawyers. Sub-limited coverage for misconduct is intended to encourage law firms to adopt risk management practices. Clause 11(e) requires partnership firms to implement risk management procedures for all transactions involving clients' accounts.
(3)	Notification of circumstance / claim	Written notification <u>must</u> be given to the PII Scheme Broker, Aon, <u>as soon as possible</u> after becoming aware of any circumstance (eg complaint lodged with the Advocates and Solicitors Disciplinary Board, "ASDB") or claim (eg writ or letter of demand), but no later than 60 days thereof.
(4)	Claims loading	Claims loading is calculated at either: (a) 5% of total costs / payment paid by the Insurer towards the claim for the year (including defence costs); or (b) 5 x RM1,150 (base premium for 2027), whichever is lower. <i>Loading is applicable over the five-year period from the date of notification. Total claims loading is subject to a maximum cap of 25% (over the five-year period).</i>

No	Item	Terms and Conditions of the 2027 PII Scheme
(5)	Reduced base excess option	Firms can opt to reduce their base excess by half (subject to clause 10 of the 2026 COI), subject to payment of an additional premium of 10% of the reduced base excess.
(6)	Worldwide coverage option	Option for worldwide territorial and jurisdictional coverage is available to all firms at an additional premium: (a) Worldwide, excluding the United States or Canada — 10% additional premium; or (b) Worldwide, including the United States or Canada — 25% additional premium.

Appendix 2

Minimum Limit of Indemnity and Base Excess

Number of Lawyers in the Firm	Limit of Indemnity (RM)	Base Excess (RM)
1	500,000	10,000
2	500,000	20,000
3	500,000	25,000
4	500,000	30,500
5	500,000	35,000
6	550,000	40,500
7	600,000	45,000
8	650,000	50,000
9	700,000	55,000
10	750,000	60,000
11	800,000	65,000
12	850,000	70,000
13	900,000	75,000
14	950,000	80,000
15	1,000,000	85,000
16	1,050,000	90,000
17	1,100,000	95,000
18	1,150,000	100,000
19	1,200,000	105,000

20	1,250,000	110,000
21	1,300,000	112,500
22	1,350,000	115,000
23	1,400,000	117,500
24	1,450,000	120,000
25	1,500,000	122,500
26	1,550,000	125,000
27	1,600,000	127,500
28	1,650,000	130,000
29	1,700,000	132,500
30	1,750,000	135,000
31	1,800,000	137,500
32	1,850,000	140,000
33	1,900,000	142,500
34	1,950,000	145,000
35	2,000,000	147,500
36	2,000,000	147,500
37	2,000,000	147,500
38	2,000,000	147,500
39	2,000,000	147,500
40	2,000,000	170,000
41	2,000,000	170,000
42	2,000,000	170,000
43	2,000,000	170,000
44	2,000,000	170,000
45	2,000,000	170,000
46	2,000,000	170,000
47	2,000,000	170,000
48	2,000,000	170,000
Above 48	2,000,000	240,000