



## Professional Indemnity Insurance Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

### Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- Each **Client's** best interests are served; (**Outcome 3.1**)
- You act in accordance with your regulatory responsibilities. (**Outcome 5.1**)

Providing **clients** with access to appropriate redress helps you deliver these **Outcomes** and requires you to act in a principled way:

1. **Act in the best interests of your Clients. (Overriding Principle 3)**
2. **Deal with regulators and ombudsmen in an open and co-operative way. (Overriding Principle 5)**
3. You only accept instructions and act in relation to matters which are within your professional competence. (**CoC P3a**)
4. You only provide **Regulated Services** whilst you have **CLC**-approved **professional indemnity insurance** in force. (**CoC P3i**)
5. You ensure there are adequate indemnity **arrangements** in respect of **claims** made against you for work carried out by you before you ceased to practice by **purchasing taking out professional indemnity insurance** for a minimum period of 6 years from the expiry of the period of **professional indemnity insurance** stated in your evidence of insurance or policy document. (**CoC P3o**)
6. If you seek to exclude or limit liability, you do so only to the extent that such exclusion or limitation is above the minimum level of cover afforded by **CLC**-approved **professional indemnity insurance**; you must obtain the written informed consent of the **Client** for such exclusion or limitation to be effective. (**CoC P3p**) **You must also comply with the following specific requirements:**

**You must also comply with the following specific requirements:**

7. When providing services which are not regulated by the **CLC**, you advise your **Client** of this and inform them in writing that the activity is not covered by **CLC**-approved **professional indemnity insurance** or the **CLC**-administered **Compensation Fund**. (**CoC P3q**)

8. You **promptly** notify insurers in writing of any facts or matters which may give rise to a claim under **CLC**-approved **professional indemnity insurance**. (CoC P5k)

### **Professional Indemnity Insurance**

9. When providing **CLC-regulated services** you must have **professional indemnity insurance** in place at all times, which complies with the minimum requirements of Article 10(4) IDD and the CLC's PII Policy Wording 3-IMD, either through the **CLC's Master Policy** or with another **Authorised Insurer** (see requirement 11), provided the **CLC** is satisfied that in all its conditions and extent it is at least equivalent to the cover provided under the **CLC's Master Policy**.
10. You must:
- 10.1 Pay the applicable annual premium for **Master Policy** cover professional indemnity insurance;
- 10.2 Comply with the **Insurance** professional indemnity insurance terms as apply to you;
- 10.3 Comply with the Self Insured Excess policy (set out at 13) and such other policies as the **CLC** may issue;
- 10.4 Produce a current **Evidence of Insurance** when requested by the **CLC**;
- 10.5 Permit the **Authorised Participating Insurers** or the **Brokers** to notify the **CLC** should any circumstances arise whereby the **Authorised Participating Insurers** or the **Brokers** consider that the body has failed to comply with their responsibilities as a **CLC** body or when any **Evidence of Insurance** is avoided.

### **European Union (EU) Bodies – if you are a European Lawyer**

11. If on application:
- 11.1 you satisfy the **CLC** that the **EU body** (of which you are a **Manager**) has **EU Professional Cover** equivalent to which complies with the **CLC Master CLC's PII Policy Wording** in all its conditions and cover then the **EU body** will be exempted from obligation to comply with requirement 10.1 whilst the **EU Professional Cover** (and any agreement with the cover provider) remains in force and is complied with;
- 11.2 you satisfy the **CLC** that the **EU body** (of which you are a **Manager**) has **Partial EU Professional Cover** then the **EU body** and its **Managers** shall be exempted from the obligation to comply with regulation 10.1 whilst the **Partial EU Professional Cover** (and any agreement with the cover provider) and a **Supplemental Policy** remain in force and is complied with.

### **Claims**

12. In the event of a **professional indemnity insurance claim** you produce any information the **CLC** deems appropriate within five **working days** of the **CLC's** information request.

### **Self Insured Excess**

13.1 Should your self-insured Excess exceed:

- (1) £3,500 or
- (2) the sum of the following:
  - (i) 5% Fees (as defined in the **CLC Master CLC's PII Policy Wording**) where the Fees are no more than £200,000; plus
  - (ii) 3% Fees on Fees between £200,001 and £500,000; plus
  - (iii) 2% Fees on Fees between £500,001 and £1,000,000;

you report this to the **CLC**. The **CLC** will need to be satisfied that the body will avoid additional exposure of the **CLC's Compensation Fund** to unpaid excesses.

13.2 If you are satisfied that the body you manage has the ability to meet additional liability over and above this you may make a specific application to the **CLC** to increase the self-insured Excess where Fees are greater than £1,000,000.

13.3 Your application outlines how the body intends to meet the obligation to avoid additional exposure of the **CLC's Compensation Fund** to unpaid excesses.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's Professional Indemnity Insurance Guidance**.