



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 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:

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 professional indemnity insurance;
 - 10.2 Comply with the 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 Participating **Insurers** or the **Brokers** to notify the **CLC** should any circumstances arise whereby the 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** which complies with the **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'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**.