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

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.