



Professional Indemnity Insurance Regulations

*(Adopted by Council on 31st January 2008
pursuant to Article 62.1 of the Association's Articles of Association)*

1. Definitions

1.1 In these definitions the following expressions shall have the following respective meanings:-

Gross Fee Income	the aggregate of all fees and income for professional services rendered, (net of VAT and disbursements and excluding for the avoidance of doubt interest dividends and rents received by the Professional Practice, income and capital profits from investments made by the Professional Practice and bad debts written off), attributable to the Member and his staff agents or locums (whether working under a contract of service or for services) from insolvency or insolvency related work, including both formal and informal appointments and advisory work where insolvency considerations apply including for the avoidance of doubt, fees received in respect of work subcontracted to others unless it is clearly demonstrated to the Individual Member's satisfaction that the subcontractor is taking professional responsibility for his work and has appropriate PII cover
PII	Professional Indemnity Insurance which is underwritten in accordance with the minimum requirements of these Regulations
Principal	a sole practitioner, partner, director or other person held out as a principal of a Professional Practice who is engaged in Insolvency Administration
Professional Practice	A Firm including one whose business or practice is not confined to Insolvency Administration

1.2 The following words shall have the same meaning as defined in the Articles of Association of the Association:-

Association, Firm, Individual Members, Insolvency Act, Insolvency Administration, Insolvency Appointment, Insolvency Authorisation, Insolvency Practitioner.

2. Introduction

- 2.1 PII is compulsory for each Individual Member who holds one or more Insolvency Appointments.
- 2.2 These Regulations set out the requirements for the minimum level of cover which must be obtained.
- 2.3 Individual Members are required to provide a certificate from their insurer setting out the principal

terms of their PII cover to be submitted to the Association with each Insolvency Authorisation application or renewal form.

3. MINIMUM TERMS OF COVER

- 3.1 Each Individual Member is required to have a minimum PII cover for any one claim of whichever is the greater of:-
 - 3.1.1 £250,000 (or such other figure as may from time to time be determined by Council); or
 - 3.1.2 2.5 times his Gross Fee Income.
- 3.2 Where an Individual Member is in partnership or association with other Insolvency Practitioners and they are covered by a single PII policy, the minimum PII cover required shall be calculated by aggregating each Individual Member's Gross Fee Income.
- 3.3 In the case of a PII policy covering a number of Individual Members practising in partnership or by association, the required minimum cover under the policy need not exceed £1,500,000 (or such other figure as may from time to time be determined by Council).
- 3.4 PII policies must be entered into only with insurers authorised by the Department for Business, Enterprise and Regulatory Reform and must comply with the approved minimum wording for PII policies in accordance with such protocols as may from time to time be agreed between the Institute of Chartered Accountants in England and Wales and certain insurers known as participating insurers.
- 3.5 In addition to the approved minimum wording, the PII policy shall include fidelity insurance covering the dishonest acts or omissions of principals and employees of the Individual Member to the same level of cover as applies to the PII itself.

4. EXCESS

- 4.1 The minimum PII cover for each Individual Member can include an excess of not more than £20,000 (or such other figure as may from time to time be determined by Council).
- 4.2 Where an Individual Member is in partnership or association with other Insolvency Practitioners and they are covered by a single PII policy, the excess may not exceed £20,000 (or such other figure as aforesaid) multiplied by the number of Principals.
- 4.3 In the case of a Firm being a corporate practice, the number of Principals shall only include those who have entered into a legally binding personal obligation in respect of the excess.

5. RUN-OFF INSURANCE

- 5.1 An Individual Member who retires or ceases to act as an Insolvency Practitioner, is required to satisfy the Association that adequate run-off cover is in place for a minimum of six years after ceasing to act at an indemnity level not less than that applying immediately prior to retirement or cessation.

6. TRANSFERS BETWEEN PRACTICES

- 6.1 An Individual Member who transfers from one professional practice to another is required to satisfy the Association that adequate PII arrangements are in place to cover any claims made in respect of work done by him whilst at his previous practice in respect of the preceding period of not less than six years.