



**Explanatory Memorandum: Amendments to Contract for
Professional Indemnity Insurance for Solicitors: 2011/2012**

1. Clause 4 – Excess

The standard excess is increasing from \$3,500 multiplied by the number of 'relevant principals' to \$5,000 multiplied by the same number. This is the first increase in the basic excess for more than 18 years.

The provision for a maximum standard excess of \$60,000 for any one claim has been removed. The maximum standard excess will now be \$25,000.

The words 'in addition to any part of the loss which is excluded from cover under this contract' have been added. This is to confirm that the excess applies in addition to any amount of a claim which is otherwise excluded.

2. Clause 5 – Deterrent excess

The amount of the deterrent excess is increasing from \$7,000 to \$10,000, in each case multiplied by the number of 'relevant principals'. The deterrent excess remains double the standard excess.

The maximum deterrent excess will now be \$50,000.

The same clarifying words as have been added to clause 4 have also been added to this clause to make it clear that the deterrent excess applies in addition to any excluded amount.

3. Clause 6 – Aggregate excess limit

The aggregate excess limit is increasing from \$10,500 to \$15,000, in each case multiplied by the number of principals as at 1 July 2011.

The maximum aggregate excess limit will be \$75,000.

4. Clause 20.10 – Insured charges

Minor drafting amendments have been made to this exclusion to clarify that Insured's charges are excluded, whatever form they take.

5. New clause 20.22 – Credit activities

This new exclusion applies to licensees under the *National Consumer Credit Protection Act 2009* (Cth) as clause 20.19 applies to financial services licensees. Both are required to have other insurance.