

Direction 99 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the Institute of Chartered Accountants in England and Wales (ICAEW)

1. This is a direction issued pursuant to paragraph 19(3) of Schedule 4 to the Legal Services Act 2007 (the Act).
2. Unless stated otherwise, words in this direction are used as they are defined in the Act.
3. In accordance with paragraph 19(3) of Schedule 4 to the Act, the Board has directed that the following alterations by ICAEW to its regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) of Schedule 4:

ICAEW professional indemnity insurance (PII) regulations - minimum wording updated to take account of the requirements of the Insurance Act 2015

Proposed changes

4. The minimum wording is updated to take account of the requirements of the Insurance Act 2015 which comes into force on 12 August 2016. ICAEW members who hold a practising certificate are required to comply with the ICAEW professional indemnity insurance (PII) regulations and hold PII which complies with the minimum approved wording. Compliance with the PII regulations and minimum wording is also a requirement for the audit, insolvency and probate regulations, and the Designated Professional Body Handbook.
5. The six key changes are to the following sections of the minimum terms:
 - Deletion of preamble on warranty, as no longer needed
 - Section C9 on fraudulent claims to reflect that the insurer does not have to terminate the policy but if it is terminated this is from the date of the fraud not the commencement of the policy, and only for the person making the fraudulent claim
 - Modification of c.12 cancellation clause to take account of changes to C9
 - D1.1 new formulation and terminology set out in the Insurance Act 2015 of 'fair presentation of risk'
 - D1.2 Clause preventing warranties – the Insurance Act 2015 prevents any representation made by the insured being converted into a warranty
 - D.1.3 revised wording that the current policy must deal with fair presentation as required under the Insurance Act 2015

Reason for exemption direction

6. The proposed alterations are technical in nature and is being made in direct response to changes in primary legislation affecting insurance.
7. There is no change to the regulatory policy or approach to the ICAEW's insurance regulations other than to align the minimum approved wording with the Insurance Act 2015.
8. A copy of the alteration was submitted to the Board on 21 June 2016.
9. This direction is to be deemed made on and to be effective from 5 August 2016

**For and on behalf of the Legal Services Board
5 August 2016**