

Direction 129 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 approved wording

Proposed changes – minimum approved wording

4. The ICAEW is proposing amendments to its minimum approved wording for PII.
5. In particular ICAEW is proposing amendments to three clauses within the minimum approved wording. It is also making a series of amendments for clarity and concision throughout the minimum approved wording.
6. The only amendment solely relevant to probate practitioners is to Clause C1.1. This is a clarity/concision change that does not impact upon the meaning of the clause. It is set out in full below:

Current clause:

C1. Limit of indemnity

a) The limit of indemnity which is available to meet any payments made or payable in relation to a Claim or Claims (excluding Defence Costs) arising from Authorised Work, shall be on an each and every claim basis. The limit of such indemnity shall be the minimum level of professional indemnity insurance cover (per Claim) required under the Probate Regulations of the Relevant Institute, or the amount specified in the Schedule (per Claim), whichever is greater.

Proposed clause:

C1 Limit of Indemnity

C1.1 Unless a higher amount is specified in the Schedule, Insurers shall not be liable to make any payment of indemnity under this policy (other than in respect of Defence Costs) that exceeds the following minimum amounts:

(a) for Authorised Work, such limit on Insurers' liability shall apply on an each and every claim basis, and shall be the minimum level of professional indemnity insurance cover required under the Probate Regulations of the Relevant Institute;

Proposed changes – PII Regulations

7. The ICAEW is proposing amendments to its PII Regulations.
8. In particular the ICAEW is proposing amendments to carry across changes it has already made to its Designated Professional Body Handbook to reflect the implementation of the Insurance Distribution Directive. In particular, an uplift in the minimum limits of indemnity required for firms involved in insurance distribution activity.

9. Further changes are being made to clarify the definition of 'gross fee income' in PII Regulation 1.8 and to provide clarity on how to calculate the maximum policy excess in PII Regulation 3.7.
10. There are no amendments that apply to Probate firms only.

Reason for exemption direction

11. The alterations do not represent a major shift in ICAEW's regulatory approach or policy to PII. They simply seek to provide broader cover to accredited firms and to provide clarity in the wording of the minimum terms as well as carrying across changes already made to minimum limits of indemnity and providing clarity on existing PII regulations.
12. A copy of the alteration was submitted to the Board on 4 September 2018 and the ICAEW confirmed on 23 September that the proposed changes had been approved by the ICAEW Probate Committee.
13. This direction is to be deemed made on and to be effective from 28 September 2018.

**For and on behalf of the Legal Services Board
28 September 2018**