



PROFESSIONAL INDEMNITY INSURANCE REQUIREMENTS

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The Rules and Regulations of the Institute of Chartered Accountants of Trinidad and Tobago set out the eligibility criteria for obtaining ICATT certificates and licences. These detail the continuing obligations of certificate/licence holders of which Professional Indemnity Insurance (PII) is one.

This guideline has no regulatory status. It is issued for guidance purposes only, and in the event of any conflict between its content and the content of the ICATT Rules and Regulations, the latter shall at all times take precedence. Therefore, this guideline should not be regarded by members as a substitute for familiarising themselves with the appropriate regulations or, where necessary, obtaining specific advice concerning a specific situation.

Introduction

PII policies provide cover for practitioners against claims for professional negligence. In order to ensure that practitioners have the means to meet any claims of this nature, ICATT requires all holders of practising and auditing certificates to obtain an appropriate level of insurance cover. PII is compulsory for all members of ICATT who hold practising and auditing certificates and are engaged in public practice, regardless of the amount of practice income.

Members and Others Who Need To Comply With The Regulations

ICATT's Rules and Regulations defines public practice, and this definition may be found at Section 1.4 under definitions. If a member remains in doubt as to whether his activities amount to engaging in public practice, he should contact ICATT's Secretariat and give all the facts of his circumstances.

Responsibility Of Members

The PII regulations apply to individual members but in practical terms usually covers the practising entity - for example their firm, partnership or their sole practice. For those members in practice with non-members, these PII regulations effectively apply to the entire mixed practice. As a further example, in a mixed partnership, the principle of joint and several liabilities will make the member partner jointly liable for the actions of his non-member partner(s). The insurance should therefore cover the whole practice, not just the member partner(s).

Members who are responsible for making their own or their firm's PII arrangements should ensure that those arrangements comply with the regulations. Many members operate within firms where the PII arrangements are handled by someone else on their behalf. This does not affect the responsibility of individual members to ensure that they meet the PII regulations.

Levels Of Cover

The level of indemnity required by practitioners holding the above certificates/licences is calculated in relation to

- a. "total income". This is the aggregate of their professional charges and all other income received in respect of and in the course of their business and
- b. The "largest fee" paid being, in all cases, the highest cumulative amount of fees raised to a particular client (considered at the ultimate parent/consolidated level) during the year rather than the largest single invoice raised.

Where a practitioner is in partnership, or has fellow directors in an incorporated firm, or employs full-time or part-time staff, PII should provide cover in respect of all potential civil liability which might be incurred in connection with the conduct of a firm's business by the partners (or members and designated members of a limited liability partnership), directors or employees.

The regulations set the minimum level of PII required to be held by a practitioner. Practitioners should consider the risk profile of their work and their clients and determine whether or not they should carry PII in excess of the minimum required under the regulations.

Documentation

Practitioners are required to provide details of their PII policies when applying for, or renewing certificates/licences. Practitioners must keep records of insurance claims made under the policies, and these records, and the policy itself, may be inspected by ICATT.

Compliance

Each year ICATT requires confirmation of compliance with the PII regulations. All those covered by these regulations will be asked to verify coverage. ICATT may contact the brokers or insurers to ascertain that the information is correct.

Cessation of Practice

Those ceasing to practise must make arrangements for the continued existence of adequate PII cover for a period of six years from the date of cessation. This is due to the fact that claims may be made at a later date for work undertaken whilst a member was in practice.

Members Who Have a Practising Or Auditing Certificate But Indicate They Are Not Engaged In Public Practice.

Some members hold a practising certificate even though they are not engaged in public practice. There is no requirement for these members to have professional indemnity insurance. Such members are required to confirm annually that they are not engaged in public practice. If any practice activity is contemplated, then such members should obtain professional indemnity insurance, in accordance with these regulations, before the work commences. ICATT must be informed that practice has commenced and provided with the name of the firm under which the member intends to practise.

Acceptable Insurance Companies

Responsibility for obtaining adequate cover lies with an individual practitioner and may be effected with any reputable insurance company or underwriter.

ACCA

Kindly follow the link to ACCA's Professional Indemnity Insurance requirements http://www.accaglobal.com/content/dam/acca/global/PDF-members/2012/2012p/PII_reqs.pdf is included for your ease of reference and information.