Notes on Completion of Declaration of Compliance with Public Practice Regulations

SECTIONS A TO D (NB: If you are part of a COMPOUND FIRM, please read Note 5 first.)

PROPOSAL FORM DETAILS

1. **Number of Principals:** This includes salaried partners but does not include consultants, associates or sub-contractors. If the policy covers more than one firm (see COMPOUND FIRMS - Note 5), please state total number of principals covered by policy but do not count common principals twice.

2. **Gross Fee Income Declared:** Gross Fee Income for the last financial year must be declared. The definition of Gross Fee Income for the purposes of the Public Practice Regulations is in Regulation 4.10:

   "Gross Fee Income is all income of the Firm which is either:

   a. billed, including fees for personal appointments in respect of work covered by indemnity insurance, or

   b. received from third parties as commissions or brokerage (whether or not offset by the Firm against its charges to the client); and which has been included in the profit and loss account of the Firm, but excludes the recovery of disbursements and expenses which do not form part of the chargeable fees for professional services rendered and, in either case, VAT".

COVER DETAILS

3. **Sum Insured:** The figure in the policy schedule or cover note should be stated (this may be referred to as "limit of indemnity"). To be acceptable this figure must provide cover for any one claim and in the aggregate up to the limit specified in the Public Practice Regulations.

4. **Retroactive Date:** At least five years' retroactive cover is required. If no retroactive date is specified (which means there is no limit to cover for past acts) please state "No retroactive date". For new firms the retroactive date will be the date on which the firm started to practise. Other firms may have a retroactive date but it should be at least five years before the inception of the current policy.

SECTION E

5. **Compound Firms:** In the case of compound firms, only the firm holding the policy need answer every question on the declaration; other firms covered by the policy need answer ONLY this question. If the firm holding the policy confirms PI cover to the Institute, the declarations of all firms participating in the arrangements should be attached to the declaration of that firm; otherwise please indicate the body to which confirmation is made. Compound cover requires the Institute's approval; approval is generally given where the policy is on an "each and every claim" basis, or there is at least one re-instatement.

RUN-OFF COVER: An individual run-off policy may be effected, otherwise run-off cover may be provided under the policy of a continuing practice. In the latter event, please give the name and address of the firm from which run-off cover is provided in the box at Part E.

SECTION F

6. **Insurer's Section:** Please ask your broker or insurer to sign and stamp the Confirmation on the reverse side of the form (they will need to see these notes) before sending the declaration to the Professional Services Department. The insurers stamp should be obtained for Section F.

For firms with gross fees of less than £600,000

Please find below a simple calculation to ensure that you have the correct level of cover

CALCULATION OF MINIMUM LEVEL OF COVER

Gross fee income declared	£ __________	(**A**)
Total cover required (A x 2.5)	£ __________	(**B**)
Less: Permitted Excess		
No. of partners x the self-insured excess of the policy £ __________ (**C**)		
Minimum net indemnity required (**B-C**)	£ __________	