



# *Chartered Accountants' Professional Indemnity Insurance*

## ASSIGNED RISKS POOL (ARP) - ENTRY PROCEDURE

- 1 These guidance notes explain, for the benefit of firms and their insurance brokers, how to gain entry to the ARP.

### **Circumstances when a firm can apply for entry into the assigned risks pool**

- 2 There are only two grounds on which a firm can apply to enter the ARP:
  - a '**declinature**' or refusal by ALL participating insurers on the attached list; or
  - b '**constructive declinature**' by one or more participating insurers.Regulation 4.1 of the Professional Indemnity Insurance (PII) Regulations states that:  
'Prima facie evidence of constructive declinature will be:
  - i the quotation of a premium which the applicant is unable to pay within six months from the commencement of the policy; or
  - ii the quotation of a premium which has such an effect on the applicant's financial security that it jeopardises its ability to carry on its business.'
- 3 If a firm wishes to plead constructive declinature, it must satisfy a panel of Institute and underwriting representatives (the Joint Advisory Panel), producing such evidence as the panel requests, that the premium quoted meets the conditions of paragraph 2 (b) above. Pending determination of a claim for constructive declinature, a firm may be admitted to the ARP provided it signs the contract for entry (see paragraph 9).

### **Entry to the assigned risks pool**

- 4 If the participating insurers listed below have declined to give insurance cover, entry to the ARP is automatic (on request) provided the firm agrees to the terms and conditions of the ARP by signing a contract.
- 5 A firm can enter the ARP on a short-term basis if the current insurer has declined to provide renewal terms and has not agreed to extend cover. Temporary cover of up to 30 days may be allowed in the ARP and this should provide sufficient time for all available insurers to be approached.
- 6 Before entry into the ARP it is essential to notify your existing insurers of all known claims or circumstances which might give rise to a claim.

### **Access to the participating insurers**

- 7 The firm attempting to enter the ARP, or its brokers, must approach all the participating insurers shown in the current list attached to these notes, seeking insurance. Those who you can contact direct are marked. The others must be approached via a broker, preferably a Lloyd's broker with access to all the insurers. Each insurer approached should be asked to sign a copy of the enclosed form, if it declines to insure. This process should not normally take more than 14 days.
- 8 Once evidence of declinature or constructive declinature has been obtained from all the listed participating insurers, please send it to:

Assigned Risks Pool Managers,  
Marsh Ltd,  
FINPRO Division,  
Victoria House  
Queens Road  
Norwich  
NR1 3QQ

T: +44 (0)1603 207 030

E: [joshua.m.garwood@marsh.com](mailto:joshua.m.garwood@marsh.com)

### Assigned Risks Pool contract

- 9 Before a firm can gain entry into the ARP, it must sign a contract which requires it to pay the premium as determined by the ARP Panel. A significant deposit premium must be paid immediately, before the firm enters the ARP. Once the firm's position has been reviewed by means of an investigation of the firm, the Panel may revise the premium and the firm must pay this if cover in the ARP is to continue.
- 10 The contract of entry onto the ARP also requires the firm to pay the costs of the investigation and the firm is required to pay the estimated cost of the investigation before it takes place. An adjustment to the amount paid will be made once the investigation has taken place. The purpose of the investigation is to ascertain the reasons for the declinature of insurance, and make recommendations to help the firm to obtain PII in the open market. Also, as noted above, is it to give the ARP Panel information on which to base the final premium.
- 11 A further investigation may be needed before the firm can leave the ARP.

### Period within the pool and exit from pool

- 12 A firm can negotiate to leave the ARP once it is able to obtain cover from a participating insurer in the market. The maximum time permitted in the ARP is two years (and it is unlikely that the underwriters will agree any extension beyond this). It is important for members to note that should their firm be unable to obtain insurance cover outside the ARP on or before the expiration of the maximum time allowed, they will cease to be eligible for a practising certificate.

### Notification of claims or claims circumstances

- 13 It is essential to tell the ARP manager of any claim or circumstance which might give rise to a claim that you are aware of **prior** to leaving the ARP.

### Seeking cover outside the pool

- 14 It is essential when seeking cover outside the ARP to make any potential insurer aware of your entry into the ARP and the duration of your stay in it. Failure to do so could jeopardise your insurance and might lead your new insurers to avoid cover on the grounds of material non-disclosure.

### Further information

- 15 Firms wishing to discuss the operation of the ARP should contact:

The ARP Administrator  
Professional Standards  
ICAEW  
Metropolitan House  
321 Avebury Boulevard  
Milton Keynes  
MK9 2AF

T: +44 (0)1908 546 272

# ICAEW – PROFESSIONAL INDEMNITY INSURANCE PARTICIPATING INSURER FACILITIES

## List for ARP enquiries

1. Collegiate Management Services Limited t/a Collegiate Underwriting.  
May be approached direct.  
Ben Randall  
T: +44 (0)20 7459 3571  
E: [ben.randall@collegiate.co.uk](mailto:ben.randall@collegiate.co.uk)
2. Hiscox Insurance Co Ltd  
Via a broker only, contact details for your broker to use:  
David Smith  
E: [david.smith@hiscox.com](mailto:david.smith@hiscox.com)
3. Lloyd's Syndicate 3000 (Markel)  
Via a broker only, contact details for your broker to use:  
Les Telford  
T: +44 (0)20 7953 6000  
E: [Les.Telford@markelintl.com](mailto:Les.Telford@markelintl.com)
4. AIG (Europe) Ltd  
Via a broker only, contact details for your broker to use:  
Mark Mitchell  
T: +44 (0)20 7954 8457  
E: [Mark.Mitchell@aig.com](mailto:Mark.Mitchell@aig.com)
5. Royal & Sun Alliance Insurance plc  
Via a broker only, contact details for your broker to use:  
Michelle Platt  
T: +44 (0) 161 923 1732  
E: [michelle.platt@uk.rsagroup.com](mailto:michelle.platt@uk.rsagroup.com)
6. Zurich Insurance Plc  
Via a broker only, contact details for your broker to use:  
Mark Brundell  
T: +44 (0) 121 697 4482  
E: [mark.brundell@uk.zurich.com](mailto:mark.brundell@uk.zurich.com)

### Note

Other participating insurers may also be approached if required.

**Strictly private & confidential**

ARP Managers  
Assigned Risks Pool Managers  
Marsh Ltd  
FINPRO Division  
Victoria House  
Queens Road  
Norwich  
NR1 3QQ

**Evidence of declination for ARP managers**

We the \_\_\_\_\_ syndicate or company

hereby confirm that we decline to offer professional indemnity insurance to:

Name of firm(s):

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for the following reasons:

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**Signed**

**Name**

**Syndicate/Company**

**Date**

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