

Dated \_\_\_\_\_ dd mm yyyy

The insurers participating in the accountants' assigned risks pool

and

\_\_\_\_\_ [the firm]

#### AGREEMENT FOR ENTRY INTO ASSIGNED RISKS POOL

THIS AGREEMENT is made on \_\_\_\_\_ dd mm yyyy.

BETWEEN:

- 1 The insurers participating in the accountants' assigned risks pool ("Participating Insurers"), represented by their agent, the Coverholder (as defined herein); and
- 2 \_\_\_\_\_ [FIRM]  
(hereinafter referred to as "the Firm")

WHEREAS:

The Assigned Risks Pool (“ARP”) has been established by The Institute of Chartered Accountants in England and Wales (the “ICAEW”), The Institute of Chartered Accountants of Scotland (the “ICAS”) and The Institute of Chartered Accountants in Ireland (the “ICAI”) pursuant to their respective Professional Indemnity Insurance Regulations (the “Regulations”). The Accountants’ Assigned Risks Pool Managers – a division of Marsh Limited, 1 Tower Place West, Tower Place, London, EC3R 5BU - (hereinafter referred to as the “Coverholder”) - has been appointed by the Institutes to manage the ARP on behalf of the Institutes and the Participating Insurers.

IT IS AGREED as follows:

- 1 In consideration of the undertakings given below and subject to paragraph 3 below, the Firm shall be admitted to the ARP for a period of either:
  - 1.1 A maximum of 30 days commencing on the date this contract and once the minimum deposit premium of £1,000 plus Insurance Premium Tax (“IPT”) (or euro equivalent in Ireland) is received by the Coverholder or such later date as determined by the Coverholder; and/or
  - 1.2 Such other periods as allowed by the PII Regulations.
- 2 The Firm undertakes as follows:
  - 2.1 To comply with all terms, conditions and limitations of the Certificate of Insurance (underwritten in the terms of the policy wording of The Chartered Accountants’ Participating Insurers Professional Indemnity Insurance, the “Approved Policy”) – as required under the Regulations. The limit of indemnity of the policy shall be the minimum limit provided for in the Regulations in force at the date hereof. The policy shall be subject to an Excess for the first 30 days’ of cover which shall be set by the Coverholder being 2% of fees or a minimum of £1,000 (or euro equivalent in Ireland). Beyond this period each declaration shall be subject to an Excess which shall be determined by two of the Assigned Risks Pool Leading Insurers having regard to a Firm’s financial resources and the Firm’s Excess under its previous policy. The Excess shall not exceed or necessarily be the maximum permitted by the Regulations in force at the date hereof.
  - 2.2 To pay or promise to pay the required premiums as follows:
    - a The Annual Premium shall be the Basic Premium which may be adjusted upwards or downwards at the absolute discretion of the Assigned Risks Pool Leading Insurers.
    - b The Basic Premium for the first annual period of cover shall be:

The premium paid by the Member or Firm for its previous policy of insurance divided by the Member or Firm’s gross fee income for the year ending on the accounting reference date prior to the commencement of the Member or Firm’s previous policy of insurance, multiplied by the Member or Firm’s gross fee income for the year ending on the accounting reference date prior to the Member or Firm’s date of first admission to the ARP, multiplied by two.

If the limit of indemnity required to comply with the Regulations is different to the limit of indemnity applicable to the Member or Firm's previous policy of insurance as referred to above, the Basic Premium shall be adjusted with the agreement of two of the Assigned Risks Pool Leading Insurers.

c The Annual Premium for the second annual period of cover shall be:

The Annual Premium for the Member or Firm's first annual period of cover divided by the limit of indemnity of the Member or Firm's first annual period of cover, multiplied by the minimum limit of indemnity provided for in the Regulations rounded to the next £50,000 (or euro equivalent in Ireland) upwards.

The Annual Premium for the second annual period of cover may be adjusted upwards or downwards at the absolute discretion of the Assigned Risks Pool Leading Insurers.

d The Member or Firm shall pay:

i In respect of provisional cover not exceeding 30 days a deposit premium of £1,000 (or euro equivalent in Ireland), which shall be paid by the Member or Firm on applying for entry into the ARP;

ii In respect of annual cover the Basic Premium which shall be paid (less the deposit premium) within 30 days of the Member or Firm being advised by the Coverholder of the granting of such cover;

iii The balance of the Annual Premium, which shall be paid within 30 days of the Member or Firm being advised by the Coverholder of the determination of such Annual Premium.

e There shall be added to each premium when payable IPT (or its equivalent) at the rate from time to time in force.

f The deposit premium shall in no circumstances be refundable.

g A Member or Firm if it has obtained insurance from a Participating Insurer may at any time give notice withdrawing from the ARP.

h If such notice is given under paragraph 2.2g and the Annual Premium has been paid in full there shall then be refunded to such Member or Firm the Annual Premium divided by 365 and multiplied by the number of days unexpired on the Member or Firm's ARP policy or Certificate of Insurance provided that:

i Underwriters shall always retain the deposit premium;

ii No refund will be made if the date of departure from the ARP is within three months of the normal expiry date of the cover; and

iii If the Firm has notified any claim or loss or circumstance which may give rise to a claim or loss, there shall be no refund of any premium except at the discretion of the Assigned Risks Pool Leading Insurers.

- i If notice is given under paragraph 2.2g and the Annual Premium has not been paid then the Member or Firm must immediately pay the Annual Premium in full. A refund may then be made in accordance with paragraph 2.2h.
  - j A return premium will be made via the Coverholder where this becomes due under paragraph 2.2h or 2.2i
- 2.3 To provide to the Coverholder without delay a completed proposal form, together with evidence of declinature by the renewal insurance market and confirmation that no further days of cover will be provided following the expiry of the policy and such other information as may from time to time be requested by the Coverholder.
- 2.4 To provide the Coverholder with any other information it may reasonably request.
- 2.5 To submit to an investigation under the Regulations by the Institute and/or its appointed agent and to take such steps as the Institute may recommend to assist the Firm to obtain qualifying insurance outside the ARP.
- 2.6 To submit to a further visit or visits under the Regulations by the Institute and/or its appointed agent in order to provide evidence of compliance with the investigator's recommendations or such steps as the Institute may recommend to assist the Firm to obtain qualifying insurance outside the ARP.
- 2.7 To pay within 28 days of a request being made by the relevant Institute, the full, anticipated cost of the investigation or visit made under 2.5 or 2.6, and in the event that the final cost is more or alternatively less than the paid anticipated cost to pay the balance of, or alternatively to receive a refund for, the difference between the final actual cost and the paid anticipated amount within 30 days of submission of the report of the investigation to the Firm.
- 3 The Firm hereby acknowledges that:
  - 3.1 All premiums in consideration of the insurance to be provided by the ARP shall be paid to the Participating Insurers via the Coverholder, even if the Firm ceases to engage in public practice.
  - 3.2 Such premiums, costs of investigations and any other general obligations incurred as a result of or in relation to insurance provided by the ARP shall remain the responsibility of the Firm named below and/or its principals until such time as any debts incurred in connection herewith have been discharged in full.
  - 3.3 It is the responsibility and duty of the Firm and/or its principals insured within the ARP to provide or make available such information in the course of any investigation and to take such steps as may enable Participating Insurers to offer terms for insurance within 24 months from the date of first admission to the ARP.
  - 3.4 Once the Firm has submitted to any investigation, and taken such steps as may enable Participating Insurers to offer terms for insurance outside the ARP and remitted in full any immediate deposit and adjustment premium required by Participating Insurers, any return of premium will be calculated

pro-rata to Annual Premium as determined by the Assigned Risks Pool Leading Insurers subject always to no claims having been made, nor circumstances which might give rise to a claim having been notified during the currency of this Agreement, in either of which event any return of premium shall be at the sole discretion of the Assigned Risks Pool Leading Insurers.

3.5 The Coverholder is authorised to provide all information received in relation to the Firm to the relevant Institute and the Assigned Risks Pool Leading Insurers.

3.6 If:

- a the premiums for the insurance to be provided by the ARP are not paid within 30 days of delivery of the premium notice or any subsequent adjustment premium; and/or
- b either the first investigation visit under paragraph 2.5 above, or the follow-up visit under paragraph 2.6 above, do not take place within three months of the Institute's appointed agent proposing a date for a meeting with reasonable notice; and/or
- c the cost of the first investigation visit under paragraph 2.5 above, or the follow-up visit under paragraph 2.6 above is not paid as set out in paragraph 2.7;

then notwithstanding any clause to the contrary in the Certificate of Insurance cover within the ARP will cease from that date, unless the Joint Advisory Panel agrees in its absolute discretion that it should continue.

3.7 Any report or other information arising out of the investigation or visit made under paragraph 2.5 or 2.6 may be provided by the relevant Institute to the Assigned Risks Pool Leading Insurers who will use that information to assist them in assessing the underwriting risk and in assessing the Annual Premium.

3.8 The Firm and its principals will cooperate fully with the Coverholder, the Assigned Risks Pool Leading Insurers and the relevant Institute (and any appointed agent) to enable them to carry out their functions under this agreement.

4 The obligations of each Participating Insurer under this agreement and the insurance to be provided by the ARP hereunder are several and not joint and are limited solely to the extent of their individual proportions which may be obtained on application to the Coverholder. Participating Insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of their obligations.

5 The signatory hereto on behalf of the Firm seeking admission to the ARP warrants that he has authority to bind the Firm and its principals.

6 The Firm and the Coverholder are each a separate Data Controller of any Personal Data obtained from the other party, Processed, supplied or shared in accordance with this Agreement ("**ARP Personal Data**") and each party shall comply with its obligations under Data Protection Legislation.

- 7 The Firm and the Coverholder:
  - 7.1 shall Process the ARP Personal Data in accordance with the Data Protection Legislation;
  - 7.2 will ensure that the ARP Personal Data is only released to authorised individuals who are trained in data protection and have committed themselves to confidentiality;
  - 7.3 shall ensure that they shall each have in place appropriate technical and organisational measures to protect the ARP Personal Data provided against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, and which provide a level of security appropriate to the risk represented by the Processing and the nature of the ARP Personal Data to be protected; and
  - 7.4 shall implement appropriate record keeping practices in accordance with Data Protection Legislation.
- 8 Where the Firm is providing the Coverholder with ARP Personal Data, the Firm shall refer all applicable Data Subjects to the Coverholder's Privacy Notice available at [www.marsh.co.uk/privacy](http://www.marsh.co.uk/privacy).
- 9 To the extent that the Firm is a sole practitioner, the Coverholder is a separate Data Controller of ARP Personal Data received from the Firm. In order for the Coverholder to fulfil its obligations under this Agreement to manage the ARP, it will collect and use ARP Personal Data such as name, address, telephone number. The purposes for which the Coverholder uses the ARP Personal Data include the administration and binding of Professional Indemnity Insurance in the ARP. In order to fulfil the Coverholder's obligations under this Agreement to manage the ARP, the Coverholder will share the ARP Personal Data with the Participating Insurers, the ICAEW the ICAS and/or the ICAI and/or its appointed agent to carry out an investigation on the Firm, the auditors of the binding authority utilised by the lead insurer, The Capita Group Plc for Marsh Ltd's outsourced functions and any body or firm that represents the insurers. Depending on the circumstances, the use of the ARP Personal Data may involve a transfer of data to countries outside the UK and the European Economic Area that have less robust data protection laws. Any such transfer will be done with appropriate safeguards in place. For more information about the Coverholder's use of ARP Personal Data please see the Coverholder's Privacy Notice available at [www.marsh.co.uk/privacy](http://www.marsh.co.uk/privacy).
- 10 Definitions and interpretation
  - 10.1 In this Agreement, unless the context requires otherwise:
    - 10.1.1 references to a clause are to a clause of this Agreement;
    - 10.1.2 the singular includes the plural and vice-versa;
    - 10.1.3 words importing a gender include every gender and references to persons include bodies corporate, partnerships and other unincorporated associations or bodies of persons;
    - 10.1.4 the headings to clauses and paragraphs are inserted for reference only and shall be ignored in interpreting this Agreement;

10.1.5 a reference to any statute or statutory provision or regulation includes:

- any subordinate legislation (as defined by section 21(1) Interpretation Act 1978) made under it; and
- any provision which it has superseded or re-enacted (with or without modification) or amended, and any provision superseding it or re-enacting it (with or without modification) or amending it, either before the date of this Agreement, or after the date of this Agreement.

**“Annual Premium”** means the premium payable in relation to annual cover as set out in Clause 2.2 above.

**“Assigned Risks Pool Leading Insurers”** means the four Participating Insurers selected from time to time by the Coverholder in agreement with the Joint Advisory Panel who ordinarily act as leading underwriters for Accountants’ Professional Indemnity risks and who are listed by the Coverholder.

**“Basic Premium”** means the premium paid by the Member or Firm as calculated in accordance with the provisions of Clause 2.2 above.

**“Constructive Declinature”** is a procedure by which a Firm may request admission to the ARP as set out in the Regulations.

**“Coverholder”** means the broker appointed by the Institutes to manage the ARP.

**“Data Controller”** has the meaning given to it in Data Protection Legislation.

**“Data Protection Legislation”** means all applicable data protection and privacy legislation, regulations and guidance including the Privacy and Electronic Communications (EC Directive) Regulations and any guidance or codes of practice issued by the European Data Protection Board or the Information Commissioner from time to time, together with (a) prior to 25 May 2018, the Data Protection Act 1998; and (b) from 25 May 2018 onwards Regulation (EU) 2016/679 (the "General Data Protection Regulation" or "GDPR"), and other laws and regulations of the UK relating to data protection (in each case, all as amended, updated or re-enacted from time to time).

**“Data Subject”** has the meaning given to it in Data Protection Legislation.

**“Excess”** means the first portion of any loss to be borne by the insured.

**“Firm”** means:

- a a Member engaged in public practice as a sole practitioner or with others in a partnership or as principal in a body corporate (including a member of a Limited Liability Partnership);
- b a sole practitioner, a partnership or a body corporate authorised under an Institute’s Investment Business Regulations. (“an Authorised Firm”);
- c a sole practitioner, or partnership or a body corporate licensed under an Institute’s Designated Professional Body arrangements (“a Licensed Firm”);

- d a sole practitioner, a partnership or a body corporate registered under an Institute’s Audit Regulations (“a Registered Auditor”);
- e a sole practitioner, a partnership or a body corporate registered under an Institute’s Local Audit Regulations (“a Local Auditor”);
- f a sole practitioner, a partnership or a body corporate accredited under an Institute’s Probate Regulations (“an Accredited Probate Firm”);
- g a sole practitioner, a partnership or a body corporate accredited under an Institute’s Legal Services Regulations (“an Accredited Legal Services Firm”);
- h an Insolvency Practitioner;
- i an Insolvency Affiliate; or
- j any trustee or executor of any of the above.

“**IPT**” means Insurance Premium Tax.

**Member** means a member of ICAEW, ICAS or ICAI.

**"Personal Data"** has the meaning given to it in Data Protection Legislation.

**"Processed"** has the meaning given to it in Data Protection Legislation.

**“Regulations”** means the Professional Indemnity Insurance Regulations and Guidance issued by the ICAEW and, unless specified to the contrary, includes those equivalent regulations (whether identical or having a comparable meaning or purpose) issued by the ICAI and/or the ICAS.

**Signed by the Coverholder for and on behalf of Participating Insurers**

Signature \_\_\_\_\_  
 Print name \_\_\_\_\_  
 Date dd mm yyyy \_\_\_\_\_

**Signed for and on behalf of the firm**

Signature \_\_\_\_\_  
 Print name \_\_\_\_\_  
 Date dd mm yyyy \_\_\_\_\_