



Changes to the PII Regulations

The following table lists all the amendments made to the Professional Indemnity Insurance Regulations and Guidance since they were originally issued in 1998.

	Detail of change	Date effective
1.	Amount of PII required under the regulations amended to range between £100,000 for all firms and £1.5 million. (Note, this is only the minimum amount of cover as required by the regulations and you should always consider if this is adequate for your firm.)	1 January 2008
2.	Changes have been made to the regulations to provide for firms who are accredited to conduct authorised work (ie, probate and estate administration) under the ICAEW's Probate Regulations: <ul style="list-style-type: none"> • A definition for 'probate accredited firm' added. • The definition of firm and regulation 2.1 amended to include a 'accredited probate firm'. • New regulation 3.5 (with guidance) added to set out the minimum limit of indemnity required for authorised work. 	1 January 2014
3.	Changes have been made to the regulations to provide for firms who registered to conduct local audit work under ICAEW's Local Audit Regulations: <ul style="list-style-type: none"> • A definition for 'local auditor' added. • The definition of 'firm' and regulation 2.1 amended to include a 'local auditor'. 	1 January 2015
4.	The effective date for the latest amendments to the regulations was inserted into PII Regulation 1.2.	1 October 2018
5.	Definition of 'authorised insurer' amended to delete references to the Insurance Brokers (Registration) Act 1977 which is no longer in force.	1 January 2008
6.	Definition of 'authorised insurer' amended to refer to the Prudential Regulation Authority and the Central Bank of Ireland.	1 January 2014
7.	Defined term of 'gross fees' amended to follow more closely the definition of income in UITF 40.	1 January 2007

	Definition of 'gross fee income' was further amended for clarity.	1 October 2018
8.	Definition of 'certificate of compliance' has been deleted. Regulations 2.5, 5.2 and the guidance generally have been amended to replace references to a certificate of compliance with a 'return'.	1 May 2017
9.	Requirement for holders of practising certificates who are not practising to have PII deleted.	1 October 2004
10.	New regulation 2.8 added to deal with the requirement for run-off cover when a practice ceases and the individual partners join different firms. The members in practice in that former firm are required to obtain run-off cover for the work undertaken by the firm for at least 24 months following the cessation. Thereafter they should use their best endeavours to ensure cover is in place for a further four years. The terms and extent of the cover must be equivalent to that provided by the firm's previous qualifying insurance.	1 October 2002
11.	Regulations 2.7 and 2.8 have been amended to remove the requirement that the terms and extent of any run-off cover be equivalent to the firm's previous qualifying insurance. This is now a recommendation in guidance (see guidance to regulations 2.7 and 2.8 and (re-numbered) paragraph 6.28).	1 May 2017
12.	Regulations 3.2 and 3.3 amended to refer to new regulations 3.4 and 3.5.	1 January 2014
13.	New regulation 3.4 (with guidance) added for firms about the insurance requirements specified in the EU's Insurance Mediation Directive. This applies only if firms undertake regulated activities relating to contracts of insurance covered by the Directive. This was previously included in the regulations as guidance. Further information is provided in the Designated Professional Body Handbook (see note 3 at the end of part 2 of the Handbook).	1 January 2014
14.	Regulation 3.4 and the guidance to regulations 3.2 and 3.2 were amended as a consequence of the introduction into law of the Insurance Distribution Directive on 1 October 2018. References to 'insurance mediation activities' were replaced with 'insurance distribution activities' and the minimum limits of indemnity required of firms engaged in these activities was increased to reflect the requirements of the Directive and the DPB (Investment Business) Handbook.	1 October 2018

15.	In regulation 3.5 (now 3.7) the maximum permitted excess increased from £20,000 per principal to £30,000 per principal.	1 January 2004
16.	Regulation 3.7 (and guidance) amended to clarify that the maximum excess is £30,000 multiplied by the number of principals (in the aggregate).	1 January 2014
17.	Guidance to Regulation 3.7 was updated to clarify the basis for calculating the permitted maximum aggregate level of excess – particularly in cases where more than one firm is insured under the policy.	1 October 2018
18.	Regulation 4.4 and the guidance to regulations 4.3 and 4.5 has been amended to reflect the procedure concerning firms' entry into the assigned risks pool.	1 May 2017
19.	Additional power added to regulation 5.3 for the PII Committee to waive the requirements of the PII regulations when a member or entity subject to the regulations is resident in a country outside the UK or RoI, provided they have other appropriate professional indemnity insurance that covers work undertaken in the UK/ROI.	1 January 2011
20.	Regulations 5.4 – 5.8 inserted to provide applicants with a right of review in cases where applications for dispensation are either refused or granted subject to conditions. Subsequent regulations have been re-numbered and cross-references updated.	14 June 2017
21.	Additional power added to regulation 5.3 for the PII Committee to waive the requirements of the PII regulations when a member or entity subject to the regulations is employed or owned by an entity that is not subject to the regulation.	1 January 2008
22.	Regulation 5.3(d) and guidance has been amended to clarify the basis on which the PII Committee may grant a dispensation from compliance with the regulations.	1 May 2017
23.	Regulation 5.6 (committee delegations) deleted. The committee can now delegate any of its functions or powers to sub-committees or staff.	1 January 2014
24.	Appendix B inserted to provide guidance on the criteria to be applied in determining applications for dispensation in accordance with regulation 5.3. Guidance to regulation 5.3 has been amended.	14 June 2017.