

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 the terms of this agreement, the Firm shall be admitted to the ARP for a period of either:
 - a. Provisional Cover of a maximum of 30 days commencing on the date of this contract or such later date as may be determined by the Coverholder; provided that the Initial Deposit Premium plus Insurance Premium Tax (“IPT”) has first been received by the Coverholder; and/or
 - b. Such other periods as may be allowed under the Regulations, provided that all other deposit and annual premiums are paid in accordance with this agreement in respect of such periods.
- 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.
 - 2.2 To pay the required premiums as follows:
 - a. The Annual Premium for Year 1 cover (the period of the Year 1 cover being inclusive of the period of the Provisional Cover) shall be the Basic Premium for Year 1, subject to any adjustment upwards or downwards at the absolute discretion of the Assigned Risks Pool Leading Insurers. The Annual Premium for Year 1 cover shall be paid by the Firm (less the amount of the Initial Deposit Premium and the Year 1 Deposit Premium received by the Coverholder) within 60 days of the date of issue of the relevant premium notice by the Coverholder;
 - b. The Annual Premium for Year 2 cover shall be the Annual Premium for Year 1, subject to any adjustment upwards or downwards at the absolute discretion of the Assigned Risks Pool Leading Insurers. The Annual Premium for Year 2 cover shall be paid (less the amount of the Year 2 Deposit Premium received by the Coverholder) within 60 days of the date of issue of the relevant premium notice by the Coverholder.

- 2.3 To pay the deposit premiums as follows:
- a. In respect of Provisional Cover, the Initial Deposit Premium, which shall be 3.5% of the Firm's gross fee income for the year ending on the accounting reference date immediately preceding the date of inception of the first period of insurance, divided by 12, subject to a minimum of £1,000 (or euro equivalent in Ireland), which shall be paid by the Firm on applying for entry into the ARP;
 - b. In respect of the remaining portion of the first annual period of cover after the end of the Provisional Cover, the Year 1 Deposit Premium, which shall be 10% of the Basic Premium for Year 1 and which shall be paid prior to the expiry of the Provisional Cover;
 - c. In respect of the second annual period of cover, the Year 2 Deposit Premium, which shall be 10% of the Annual Premium for Year 1 and which shall be paid prior to the inception of the second annual period of cover.
- 2.4 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.
- 2.5 To provide the Coverholder with any other information it may reasonably request.
- 2.6 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.
- 2.7 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 reviewer's recommendations or such steps as the Institute may recommend to assist the Firm to obtain qualifying insurance outside the ARP.
- 2.8 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 clause 2.6 or 2.7. Where the final cost of the investigation or visit exceeds the anticipated cost, the Firm shall pay the balance owing for the investigation or visit to the relevant Institute within 30 days of submission of the report of the investigation to the Firm. Where, alternatively, the final cost is less than the anticipated cost, the relevant Institute shall refund to the Firm the difference between the anticipated cost and the final cost of the investigation or visit within the same period.
- 3 The Firm hereby acknowledges that:
- 3.1 The limit of indemnity of the Certificate of Insurance shall be the required minimum limit of indemnity provided for in the Regulations in force at the date of inception of each annual period of insurance.

- 3.2 The Certificate of Insurance shall be subject to an Excess which shall be:
- a. for the Provisional Cover, 3.5% of the Firm's gross fee income for the year ending on the accounting reference immediately preceding the date of inception of the Provisional Cover, subject to a minimum of £1,000 (or euro equivalent in Ireland); and
 - b. for annual periods of cover, such sum as may 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,

save that the Excess shall in no case exceed, nor necessarily be equal to, the maximum amount permitted by the Regulations in force at the date of the inception of the relevant period of cover in the ARP.

- 3.3 There shall be added to each premium when payable IPT (or its equivalent) at the rate from time to time in force.
- 3.4 If in any year the Annual Premium payable by the Firm is less than the total deposit premium(s) that have been paid for the period of insurance, the Coverholder shall refund to the Firm the difference between the Annual Premium and the deposit premium(s) within 30 days of the date of the relevant premium notice.
- 3.5 The Firm, if it has obtained insurance from a Participating Insurer, may at any time give notice in writing to the Coverholder to withdraw from the ARP on a date specified in the notice, upon which date all further cover for the Firm in the ARP shall cease.
- 3.6 If such notice is given under clause 3.5 and the Annual Premium has been paid in full there shall then be refunded to the Firm the Annual Premium divided by 365 and multiplied by the number of days unexpired on the Firm's ARP policy or Certificate of Insurance, save that there shall be no return of premium:
- a. in respect of the Initial Deposit Premium that has been paid; and
 - b. in relation to the premium for any annual period of cover, if the Firm has notified during the period of cover any claim or circumstance which may give rise to a claim, except at the discretion of the Assigned Risks Pool Leading insurers.
- 3.7 If notice is given under clause 3.5 and the Annual Premium has not been paid, then the Firm must immediately pay the balance of the Annual Premium owing for the year in full, subject to such deductions on account of the number of days unexpired on the Certificate of Insurance as may be permitted in accordance with clause 3.6.
- 3.8 Following the expiry of the period of insurance, or the withdrawal of the firm from the ARP following the service of notice under clause 3.5 and the payment of any additional premium under clause 3.7, the Firm shall receive from the Coverholder a 15% return on the Annual Premium paid for the period of insurance (less the amount of the Initial Deposit Premium) provided that the Firm has not notified during the period of insurance any claim or circumstance which may give rise to a claim to the ARP.

- 3.9 Where the Firm is entitled to a return on the Annual Premium (less the Initial Deposit Premium) by virtue of clause 3.8 above, such refund shall be paid to the Firm by the Coverholder as soon as reasonably practicable and, notwithstanding any clause to the contrary in the Certificate of Insurance, Participating Insurers shall, from the date of expiry or termination of the cover, be discharged from all liability under the policy.
- 3.10 The Initial Deposit Premium shall in no circumstances be refundable.
- 3.11 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.
- 3.12 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.
- 3.13 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 which comply with the Regulations outside the ARP.
- 3.14 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.
- 3.15 If:
- a. the premiums for the insurance to be provided by the ARP are not paid within the time periods specified in clauses 2.2 and/or 2.3; and/or
 - b. either the first investigation visit under clause 2.6 above, or the follow-up visit under clause 2.7 above, do not take place within 3 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 clause 2.6 above, or the follow-up visit under clause 2.7 above is not paid as set out in clause 2.8;

then notwithstanding any clause to the contrary in the Certificate of Insurance:

- i. in the case of premium payable under clause 2.2 above, cover in the ARP will cease from that date; and
- ii. in the case of a deposit premium payable under clause 2.3 above, cover shall not come into effect at all for the period to which the deposit relates, such period being the remaining 11 months of the first annual period of cover, and the full 12 months of the second annual period of cover;

unless the Joint Advisory Panel agrees in its absolute discretion that it should continue.

- 3.16 Any report or other information arising out of the investigation or visit made under clause 2.6 or 2.7 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.
- 3.17 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 they have 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.
- 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.

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.

10.2 The following definitions are used in this Agreement:

10.2.1 “**Annual Premium**” means the premium payable in relation to an annual period of cover in the ARP, which amount is inclusive of the amount of the applicable deposit premium for that annual period.

10.2.2 “**Annual Premium for Year 1**” means the premium payable in relation to the first annual period of cover as set out in clause 2.2.

10.2.3 “**Annual Premium for Year 2**” means the premium payable in relation to the second annual period of cover as set out in clause 2.2.

10.2.4 “**Assigned Risks Pool Leading Insurers**” means the four Participating Insurers selected from time to time by the Institutes, on recommendation of the Coverholder, who ordinarily act as leading underwriters for Accountants' Professional Indemnity risks and who are listed by the Coverholder on the ARP binding authority.

- 10.2.5 “**Basic Premium for Year 1**” means 10% of the Firm’s gross fee income for the year ending on the accounting reference date immediately preceding the date of inception of the first period of insurance.
- 10.2.6 “**Constructive Declinature**” is a procedure by which a Firm may request admission to the ARP as set out in the Regulations.
- 10.2.7 “**Coverholder**” means the broker appointed by the Institutes to manage the ARP.
- 10.2.8 “**Data Controller**” has the meaning given to it in Data Protection Legislation.
- 10.2.9 “**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).
- 10.2.10 “**Data Subject**” has the meaning given to it in Data Protection Legislation.
- 10.2.11 “**Excess**” means the first portion of any loss to be borne by the insured.
- 10.2.12 “**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. a sole practitioner, a partnership or a body corporate licensed under ICAEW’s Licensed Practice Handbook, ICAS’ ATOL Reporting Accountant Regulations or ICAI’s Air Travel Organisers Licence

(ATOL) Reporting Regulations;

- i. an Insolvency Practitioner;
- j. an Insolvency Affiliate; or
- k. any trustee or executor of any of the above.

10.2.13 “**Initial Deposit Premium**” means the deposit premium payable by the Firm in relation to the Provisional Cover, as calculated in accordance with clause 2.3.

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

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

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

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

10.2.18 “**Provisional Cover**” means the period of a maximum of 30 days cover commencing as set out in clause 1a, and which forms part of (and not additional to) the first annual period of cover.

10.2.19 “**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.

10.2.20 “**Year 1 Deposit Premium**” means the deposit premium payable by the Firm in relation to the first annual period of cover, as calculated in accordance with clause 2.3.

10.2.21 “**Year 2 Deposit Premium**” means the deposit premium payable by the Firm in relation to the second annual period of cover, as calculated in accordance with clause 2.3.

Signed by the Coverholder for and on behalf of Participating Insurers

Signature

Print name

Date

Signed for and on behalf of the firm

Signature

Print name

Date
