Section 52 of the Legal Practitioners Act 1981 requires all local practitioners exercising the right of private practice to be insured under the Scheme. The Act provides for the suspension of any practising certificate in respect of any practitioner who has failed to obtain insurance and who is required to be insured.

Every practitioner pays a contribution every year. Contribution consists of two major portions:

- Contribution to the Professional Indemnity Fund;
- Premium payable to Underwriters.

Each practitioner pays an annual contribution of which the premium is paid to Underwriters and the balance is paid to the Professional Indemnity Fund.

The successful operation of the Scheme is predicted on the collection of a pool of funds which, together with accrued income for the life of a year’s claims, will give sufficient return to meet anticipated claims.

At present the compulsory level of cover is $2 million dollars for each and every claim inclusive of defence costs if the cover is not exceeded and a percentage of the defence costs where cover is exceeded. There is no limit on the number of claims in each year. Of this, the first $200,000.00 per claim is met by the Professional Indemnity Fund (PIF) (to a maximum of $4.25m in any year) less the excess payable on settlement which is the responsibility of the practitioner or partner(s) of the firm at the date of the act/omission giving rise to the claim.

**EXCESSES**

The base excesses in 2011-12 for which practitioners are uninsured are:

- $3,000.00 per partner – without penalty maximum $50,000.00;
- Penalty excesses apply in certain circumstances as follows:
  - loss arising wholly or partly from failure to comply with a time stipulation of 30 days of less – 50% penalty;
  - loss arising wholly or partly from failure to comply with a time stipulation of more than 30 days – 100% penalty;
  - loss arising from advice on certificate of financial transaction given between 1/1/1994 and 1/12/1998 – 50% penalty;
  - loss arising from advice / certificate of guarantee given after 1/1/1999 – 300% penalty;
  - if claim arises out of dishonest or fraudulent act or omission of a partner / director of a practitioner company – 100% penalty;
  - acting for more than one party (except as exempted) after 1/7/2004 – 100% penalty;
- Maximum excess with penalty $200,000.00.
Below is a table showing a comparison of Professional Indemnity costs throughout Australia.

<table>
<thead>
<tr>
<th>LAW SOCIETY</th>
<th>Manager</th>
<th>PI Insurance</th>
<th>Cover</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Society SA</td>
<td>Law Claims</td>
<td>$2,400 per practitioner (plus GST) Reduction of $200</td>
<td>$2 million all inclusive cover</td>
<td>2011-12</td>
</tr>
<tr>
<td>Law Society WA</td>
<td>Law Mutual</td>
<td>$6,264 per principle</td>
<td>$2 million all inclusive cover</td>
<td>2009-10 annual report Admin levy $790 / practitioner</td>
</tr>
<tr>
<td>Law Society Tas</td>
<td>QBE</td>
<td>$3,750 (plus GST plus stamp duty)</td>
<td>$2 million all inclusive cover</td>
<td></td>
</tr>
<tr>
<td>Law Society NT</td>
<td>Marsh</td>
<td>$6,818.68 per practitioner</td>
<td>$2 million all inclusive cover</td>
<td>2010-11 (must have QR or RM Review)</td>
</tr>
<tr>
<td>Law Society ACT</td>
<td>Gallagher Broking Services</td>
<td>Rated on fees, but average practitioner $4,550 (plus GST plus stamp duty)</td>
<td>$2 million all inclusive cover</td>
<td></td>
</tr>
<tr>
<td>Law Society Qld</td>
<td>Lexon</td>
<td>Sliding scale calculation e.g. base levy for practice with GFI of $700,000 = $14,470 (plus GST)</td>
<td>$2 million all inclusive cover</td>
<td>Per firm cover</td>
</tr>
<tr>
<td>Law Society NSW</td>
<td>LawCover</td>
<td>Based on gross fee income (GFI) – last know 2009 $7,586 for GFI of $100,000 or $21,944 for $500,000</td>
<td>$2 million all inclusive cover</td>
<td>Based on gross fee income. Per firm cover in 2009</td>
</tr>
<tr>
<td>Law Society VIC</td>
<td>LPLC</td>
<td>$6,217 per principle $1,555 per employed solicitor</td>
<td>$2 million all inclusive cover</td>
<td>2011-12</td>
</tr>
</tbody>
</table>

The Scheme is administered by Law Claims section of the Society and the document is available on the Law Society’s website.

**THE BASE CONTRIBUTION**

The base contribution for practitioners for the policy year commencing 1 July 2011 and expiring on 30 June 2012 is $2,400.00 plus applicable GST. This represents an additional decrease of $200.00 from the previous policy year. Per claim limit of $2 million dollars inclusive of defence costs and excess remains.

**THE ADMINISTRATION LEVY**

The administration levy payable by practitioners for the policy period is $400.00 plus GST. The levy funds the administration of the Scheme and the provision of Risk Management services.
LOW FEE EARNERS
Practitioners who estimate gross fees for 12 months at under $25,000.00 may qualify for a reduction of the base contribution. To qualify a practitioner cannot be:

- An employee;
- A partner;
- A director of a legal practice company.

The reduced contributions for the 2011-12 year are:

<table>
<thead>
<tr>
<th>Gross fees</th>
<th>Contribution</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>not exceeding $12,000.00</td>
<td>$12,000.00</td>
<td>20%</td>
</tr>
<tr>
<td>exceed $12,000.00 but not exceeding $25,000.00</td>
<td>$25,000.00</td>
<td>50%</td>
</tr>
</tbody>
</table>

FORMER PRACTITIONERS
A former practitioner insured under the South Australian Scheme remains covered in respect of any claim made within the terms of the policy after ceasing to practice in Australia. No certificate of insurance will be issued to a former practitioner.

NEWLY ADMITTED PRACTITIONERS
Practitioners employed in a legal firm must, in addition to a practising certificate, have professional indemnity insurance. Practitioners applying for their first practising certificate within 12 months of their admission may be entitled to a reduced insurance contribution in respect of their first 6 months of employment.

GENERAL EXEMPTION
Practitioners who either do not practice law or who practice solely as employees of the Crown, the Legal Services Commission or of Corporations (other than incorporated legal practices) and who do not otherwise practice privately, or who reside overseas may apply for an exemption from insurance under this Scheme.

Any exempt practitioner returning to any form of private practice in South Australia must take out PI insurance immediately.

INTERSTATE OFFICE
If your firm has an interstate office insured through LPLC (Victoria) or Law Cover (New South Wales), contact Libby Bishop, Director of Law Claims on 8410 7677 to discuss the application of the National Firm clause to your practice insured through LPLC or the Claims Management Protocol agreement with Law Cover and LPLC.

EMPLOYED LICENSED CONVEYANCERS
A contribution of $2,400.00 plus applicable GST is required for each Licensed Conveyancer employed in a legal practice.

An exemption may be claimed where the usual functions of a conveyancer are not performed in the course of employment. Where an exemption is claimed a statutory declaration may be provided by 25 July 2011.

It is the obligation of the firm to make full disclosure and complete the appropriate form. This fee must be included in the firm’s cheque, and the completed form forwarded to the Society.

TOP UP INSURANCE
If you require advice or cover beyond the level of $2m offered by the Scheme you should contact your own broker concerning Top Up.
BARRISTERS

Barristers pay a reduced contribution of 13.5% of the base contribution. A Barrister is defined in the Scheme document as a practitioner who takes instructions only from other legal practitioners, a patent attorney or government related bodies.

**A Barrister who undertakes solicitor’s work must inform the Society within 14 days** and their contribution will be adjusted. No indemnity is provided if a claim arises against a Barrister who is not acting on instructions of defined entities.

For any queries about this or other Risk Management Services offered by Law Claims, please contact the PII Risk Manager, Gianna Di Stefano on 8410 7677.