

**Accountants Policy**  
Professional Indemnity

*SAMPLE*



## **Explanatory note – Conditions Precedent - duties of INSURED**

Conditions Precedent are fundamental terms of the policy and impose strict duties on the INSURED to do or refrain from doing certain things that may affect the ability of INSURERS to defend a CLAIM or may adversely affect the financial consequences of a CLAIM or CIRCUMSTANCE that has arisen.

Failure to comply strictly with a Condition Precedent entitles INSURERS to repudiate a claim for indemnity, which would leave the INSURED to bear the CLAIM themselves.

Please read the policy carefully and pay particular attention to the obligations created by the Conditions Precedent which are found in this policy at:

### **Section 1 Scope of Cover**

1.7 Fidelity Guarantee

### **Section 3 Claims Conditions**

3.1.1 Notification of CLAIMS

3.1.3 Notification of certain CIRCUMSTANCES

3.2 Notification of matters referred to an Ombudsman

3.3 No admission of liability

### **Section 4 General Conditions**

4.13 Minimum standards of control for Fidelity Guarantee cover

## Important Notice

Please read this Policy carefully to ensure that it is in accordance with your requirements and that you understand its terms exclusions and conditions. Please contact us immediately if any corrections are necessary.

Any enquiries you may have regarding your policy may be addressed either to the insurance broker who arranged the policy for you or directly to us. If you wish to make a complaint please note the following:

## Complaints Procedure

### Our Promise To You

- We will acknowledge complaints promptly.
- We will investigate quickly and thoroughly.
- We will keep you informed of progress.
- We will do everything to resolve your complaint fairly.
- We will learn from our mistakes and use your feedback to continually improve our service.

### What To Do If You Have A Complaint

If you have a complaint, please contact us on 01737 787787 or write to us at the address below, quoting your policy number or claim reference if appropriate.

Travelers Insurance Company Limited  
61 – 63 London Road  
Redhill  
Surrey RH1 1NA

If your complaint cannot be resolved to your satisfaction, you may write to our Chief Executive at the same address.

If you are seeking resolution as a private individual or as a small business, charity or trust with an annual turnover of less than £1 million, you may refer the matter to the following organisation:

Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London E14 9SR

Tel 0845 080 1800  
Email [Enquiries@financial-ombudsman.org.uk](mailto:Enquiries@financial-ombudsman.org.uk)  
Website [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

## Data Protection Act

We have collected and may continue to collect certain information about individuals within or connected to your company and any subsidiaries (“data subjects”) in the course of conducting our relationship with you. This information will be processed for the purpose of underwriting your insurance coverage, managing the policy, providing risk management advice and administering claims. We may pass the information to our reinsurers, legal advisers, loss adjusters or agents for these and other purposes. This may involve its transfer to countries which do not have data protection laws.

Some of the information we collect may be classified as ‘sensitive’ – that is, information about disciplinary proceedings, convictions, sentences or alleged criminal activities.

Data subjects have a right of access to, and correction of, information that we hold about them. If they would like to exercise either of these rights, they should contact our Data Protection Compliance Officer at 60 Gracechurch Street, London EC3V 0HR.

### CONTACT DETAILS FOR NOTIFICATION OF CLAIMS, CIRCUMSTANCES AND REQUESTS FOR INDEMNITY

Travelers Insurance Company Ltd  
Professional Indemnity Claims Department  
23/27 Alie Street  
London  
E1 8DS

Tel 020 7488 6200  
Fax 020 7423 7222

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*SAMPLE*

The INSURED having made to INSURERS a proposal containing particulars and statements which shall form the basis of this contract and are incorporated herein and in consideration of the payment of the premium to INSURERS, INSURERS will provide insurance in accordance with this policy during the POLICY PERIOD subject to the terms contained herein or endorsed hereon.

The policy, schedule and any endorsements shall be read as one contract and any word or expression to which a specific meaning has been attached in any part of the policy, its endorsement(s) (if any) or the schedule shall bear the same meaning wherever it may appear.

In the event of any inconsistency between the proposal and the policy then the terms of the policy will prevail.

Any general or specific reference to statute(s) or statutory provisions shall be construed as including a reference to any statutory modification, consolidation or re-enactment thereof for the time being in force and to include any bye-laws, statutory instruments, rules, regulations, orders, notices, directions, consents or permissions made thereunder and any conditions attaching thereto.

Certain words in this policy are printed in capitals. Those words have been defined in section 7 of the policy and bear the meaning defined in that section.

In this contract unless the context otherwise requires:

- (a) the singular includes the plural, and vice versa;
- (b) the male gender includes the female and neutral genders;
- (c) person includes a body corporate; and
- (d) headings and notes are for information purposes only and are not to be construed as part of the policy;

Signed for and on behalf of INSURERS

A handwritten signature in black ink, appearing to read 'Martin Hudson', is written over a faint, large watermark that says 'SAMPLE'.

**MARTIN HUDSON**  
**CHIEF EXECUTIVE OFFICER**  
**TRAVELERS INSURANCE CO LTD**

# 1 Scope of Cover

INSURERS agree, subject to the terms of this policy:

## 1.1 Civil Liability

To indemnify the INSURED up to the INDEMNITY LIMIT FOR CLAIMS against any civil liability arising from any CLAIM (including claimants' costs and expenses) first made against the INSURED and notified to INSURERS during the POLICY PERIOD in respect of the conduct of PROFESSIONAL BUSINESS by the INSURED and/or by others acting for and/or on behalf of the INSURED.

## 1.2 Awards by ombudsmen

To indemnify the INSURED against any final and binding award made by an ombudsman in respect of any case accepted by the ombudsman for review in his position as ombudsman under any recognised scheme where the CLAIM:

- a) is first made against the INSURED during the POLICY PERIOD; and/or
- b) arises out of any CIRCUMSTANCE which the INSURED shall first notify during the POLICY PERIOD; and
- c) arises out of the conduct of PROFESSIONAL BUSINESS

Where an ombudsman makes an award which is rejected by the claimant who then pursues the matter through the courts, both the complaint to the ombudsman and all subsequent court proceedings shall be treated as a single CLAIM made at the date of the first CLAIM against the INSURED

## 1.3 DEFENCE COSTS

To indemnify the INSURED for DEFENCE COSTS in connection with a CLAIM or CIRCUMSTANCE provided that in the event that a settlement or other payment has to be made to dispose of a CLAIM which exceeds the amount of the INDEMNITY LIMIT FOR CLAIMS, INSURERS' liability in respect of DEFENCE COSTS shall be limited to the same proportion that the INDEMNITY LIMIT FOR CLAIMS bears to the amount of such settlement or other payment.

The EXCESS shall not apply to DEFENCE COSTS and, save as set out in clauses 1.4 and 1.5, DEFENCE COSTS are not subject to any limit of indemnity.

## 1.4 Court Attendance Compensation

To provide compensation to the PRACTICE in the event that INSURERS require any of the INSURED any EMPLOYEE or other relevant party (not including expert witnesses) to attend Court or any arbitration or adjudication hearing as a witness of fact in connection with a CLAIM for which cover is afforded under this policy. Such compensation will be provided at the following rates for each day or part thereof on which attendance is required:

1.4.1	any sole principal, partner, LLP member or DIRECTOR of the INSURED	£200
1.4.2	any EMPLOYEE	£100
1.4.3	other relevant party	£100

The maximum amount payable by INSURERS under clause 1.4 of this policy shall not exceed £10,000 in the aggregate in the POLICY PERIOD.

The EXCESS shall not apply to Court Attendance Compensation.

## 1.5 Legal Representation Costs

To pay on behalf of the INSURED 80% of any costs and expenses:

- 1.5.1 which are incurred by the INSURED with the prior written consent of INSURERS for representation at properly constituted hearings, tribunals or proceedings arising out of any
  - a) CLAIM first made during the POLICY PERIOD, or
  - b) CIRCUMSTANCE first notified to INSURERS during the POLICY PERIOD

in respect of the conduct of PROFESSIONAL BUSINESS by the INSURED which may be or may become the subject of indemnity under this policy; and

- 1.5.2 which are not indemnified as DEFENCE COSTS pursuant to clause 1.3 above.

The maximum amount payable by INSURERS under clause 1.5 of this policy shall not exceed £10,000 in the aggregate for all matters notified during the POLICY PERIOD.

The EXCESS shall not apply to Legal Representation Costs.

## 1.6 Loss or damage to DOCUMENTS

To indemnify the INSURED for the reasonable and necessary costs and expenses incurred by the INSURED (with INSURERS' prior written consent) in replacing, repairing, restoring or reconstituting any DOCUMENTS in the event of unintentional physical loss or damage to such DOCUMENTS, provided:

- a) such DOCUMENTS are the property of the INSURED or in the custody, care and control of the INSURED; and
- b) such loss or damage first occurs and is first notified to INSURERS during the POLICY PERIOD; and
- c) such DOCUMENTS are connected directly with the PROFESSIONAL BUSINESS; and
- d) DOCUMENTS which are stored in electronic or magnetic form are duplicated at least weekly and a duplicate is stored safely at a separate location; and
- e) the maximum liability of INSURERS is £50,000 in the aggregate in the POLICY PERIOD and such indemnity is inclusive of and not additional to the INDEMNITY LIMIT FOR CLAIMS.

INSURERS shall have no liability for loss or damage to DOCUMENTS arising directly or indirectly from the transmission or effect of any computer virus, malicious computer programme or the like, or any unauthorised access to a COMPUTER SYSTEM.

## 1.7 Fidelity Guarantee

- 1.7.1 To indemnify the INSURED subject always to **Condition Precedent** 4.13 (minimum standards of control) up to £100,000 in the aggregate during the POLICY PERIOD against loss of money, securities or property owned or leased by the INSURED in connection with the PROFESSIONAL BUSINESS directly resulting from any act of fraud or dishonesty committed by any EMPLOYEE (whether acting alone or in collusion with others) committed with the principal intent of obtaining an improper financial gain for themselves or for any other person or organisation intended by such EMPLOYEE to receive such gain and which is first discovered and notified to INSURERS during the POLICY PERIOD.

Provided that

- 1.7.1.1 no indemnity shall be afforded in respect of any loss arising out of dishonesty or fraud on the part of any person after discovery by any other INSURED, in relation to that person, of reasonable cause for suspicion of fraud or dishonesty
  - 1.7.1.2 any dishonesty and/or fraud committed by a person or persons acting in concert shall for the purposes of this policy be treated as one CLAIM
  - 1.7.1.3 no indemnity shall be afforded hereunder in respect of such loss to any person committing or condoning such dishonest or fraudulent act or omission
  - 1.7.1.4 any sums payable shall only be for the balance of liability in excess of amounts recoverable from the dishonest or fraudulent person or persons or their estates or legal representatives
- 1.7.2 To indemnify the INSURED up to £15,000 in the aggregate during the POLICY PERIOD (such limit not to reduce the indemnity available under clause 1.7.1) in respect of investigation expenses reasonably and necessarily incurred with INSURERS' prior written consent to substantiate the amount of any loss which is the subject of a claim under clause 1.7.1 provided the INSURED has first established a valid claim under this insurance and the loss sustained exceeds the EXCESS.

## 2 Excess

- 2.1 Subject to the terms and conditions set out in this policy, INSURERS shall be liable under clause 1.1 of this policy only for that part of the loss arising from each and every CLAIM or SERIES OF CLAIMS which exceeds the EXCESS and under clause 1.7 of this policy only for that part of the loss claimed which exceeds the EXCESS.
- 2.2 Subject to the terms and conditions set out above, INSURERS shall be liable under clause 1.2 of this policy only for that part of :
  - 2.2.1 any single award made by any ombudsman which exceeds the EXCESS
  - 2.2.2 any series of awards by any ombudsman attributable to the same originating cause which exceeds the EXCESS.
- 2.3 Subject to the terms and conditions set out in this policy, INSURERS shall be liable under clause 1.6 of this policy only for that part of the loss arising from each and every CLAIM or SERIES OF CLAIMS which exceeds £1,000.

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## 3 Claims Conditions

### 3.1 Notification of a CLAIM or CIRCUMSTANCE

3.1.1 It is a **Condition Precedent** to any liability of INSURERS that if during the POLICY PERIOD the INSURED shall receive any CLAIM, or any notice of an intention to make a CLAIM, the INSURED shall give written notice to INSURERS as soon as practicable. All CLAIMS must in any event be notified within the POLICY PERIOD.

3.1.2 If during the POLICY PERIOD the INSURED becomes aware of any CIRCUMSTANCE, the INSURED shall give written notice to INSURERS of such CIRCUMSTANCE as soon as practicable with such notice supplying full particulars of the relevant CIRCUMSTANCE, including (where possible):

- a) the name of the potential claimant
- b) the date of the incident, occurrence, fact, matter, act or omission which has given rise to the CIRCUMSTANCE
- c) the name of the individual INSURED involved in the CIRCUMSTANCE
- d) the date of the INSURED'S first awareness or discovery of such CIRCUMSTANCE
- e) the estimated amount of any potential CLAIM

The INSURED shall provide such further information as INSURERS may reasonably require.

All CIRCUMSTANCES must in any event be properly notified within the POLICY PERIOD.

INSURERS agree that any CIRCUMSTANCE properly notified to them during the POLICY PERIOD which subsequently gives rise to a CLAIM after expiry of the POLICY PERIOD shall be deemed to be a CLAIM first made during the POLICY PERIOD.

3.1.3 If during the POLICY PERIOD the INSURED shall discover

3.1.3.1 a reasonable cause for suspicion of dishonesty or fraud on the part of a past or present partner, DIRECTOR, LLP member, EMPLOYEE, consultant, sub-contractor or ALTERNATE of the PRACTICE which might give rise to a CLAIM; or

3.1.3.2 an occurrence that may require representation at a properly constituted hearing, tribunal or proceeding and which might give rise to a CLAIM; or

3.1.3.3 a loss for which an indemnity may be claimed under clause 1.7 (Fidelity Guarantee)

it is a **Condition Precedent** to any liability of INSURERS that the INSURED shall give written notice as soon as practicable to INSURERS of such loss, discovery or occurrence, but in any event no later than the expiry of the POLICY PERIOD.

INSURERS agree that the notification of any such loss, discovery or occurrence to INSURERS during the POLICY PERIOD which subsequently gives rise to a CLAIM after expiry of the POLICY PERIOD shall be deemed to be a CLAIM first made during the POLICY PERIOD.

3.1.4 Where a loss or CLAIM against the INSURED involved the dishonest or fraudulent act or omission of any former or present partner, DIRECTOR, LLP member, EMPLOYEE, consultant, sub-contractor or ALTERNATE of the PRACTICE nothing herein shall preclude INSURERS from exercising any right of subrogation against any person committing or condoning such dishonest or fraudulent act or omission.

3.1.5 Notification will be deemed to have been made to INSURERS only if made to the claims department of Travelers Insurance Co Ltd at:

Travelers Insurance Company Ltd  
Professional Indemnity Claims Department  
23 -27 Alie Street  
London  
E1 8DS  
Telephone 020 7488 6200  
Fax 020 7423 7222

### 3.2 Ombudsman

The INSURED shall as a **Condition Precedent** to its right to indemnity under clause 1.2 give written notice to INSURERS as soon as reasonably practicable after becoming aware that a case directly affecting the INSURED is being reviewed by any ombudsman.

### 3.3 No Admission of Liability

In the event of a CLAIM or the discovery of a CIRCUMSTANCE or loss, it is a **Condition Precedent** to any liability of INSURERS that the INSURED shall not admit liability, incur any costs or make any offers of settlement in connection therewith or otherwise prejudice the conduct or the defence or settlement of

such CLAIM or CIRCUMSTANCE or loss without INSURERS' prior written consent (such consent not to be unreasonably withheld or unreasonably delayed), regardless of

- 3.3.1 the provisions of any complaints handling procedure or
- 3.3.2 whether the amount in dispute is less than the EXCESS.

### 3.4 Conduct of CLAIMS

Following notification of a CLAIM or CIRCUMSTANCE, INSURERS shall be entitled, if they so desire, to take over and conduct in the name of the INSURED the investigation, defence or settlement of any such matter. The INSURED shall co-operate with INSURERS and shall give such information and assistance (as set out at clause 3.5 below) as INSURERS may reasonably require.

### 3.5 CLAIMS - Control & Co-operation

- 3.5.1 The INSURED shall give to INSURERS all such information and assistance as INSURERS may reasonably require and that are in the INSURED'S power to provide.
- 3.5.2 The INSURED shall co-operate with INSURERS and their appointed representatives:
  - 3.5.2.1 by providing all such information, assistance, signed statements or depositions as may be required to facilitate compliance with all and any Civil Procedure Rules, Practice Directions and Pre-Action Protocols as may be issued.
  - 3.5.2.2 by allowing them to present the best possible defence of a CLAIM.
  - 3.5.2.3 by ensuring access to all and any information that INSURERS or their representatives may require in the defence of a CLAIM or in the investigation of any loss or CIRCUMSTANCE, whether or not privileged.
  - 3.5.2.4 by making payment on demand of the EXCESS in order to comply with the terms of any settlement (including any payment into court) agreed by INSURERS.
  - 3.5.2.5 by providing all such information, assistance, signed statements or depositions as may reasonably be required to permit INSURERS to exercise rights of subrogation.
  - 3.5.2.6 by ensuring that all DOCUMENTS of any

description (whether kept in paper, magnetic or electronic form) relevant to any CLAIM or CIRCUMSTANCE are preserved in their entirety.

- 3.5.2.7 by providing such information and assistance as may be required in investigating issues of POLICY response.
- 3.5.3 The INSURED shall bear their own costs and expenses incurred in complying with any Claims Condition.

### 3.6 Fraudulent Requests for Indemnity

If the INSURED shall make any request for indemnity or compensation under this policy knowing such request to be false or fraudulent as regards the amount or otherwise this policy shall become void ab initio and the INSURED shall forfeit all benefit hereunder and if INSURERS so require, all previous payments by INSURERS shall be refunded by the INSURED.

## 4 General Conditions

The following General Conditions apply to this policy:

### 4.1 Discharge of Liability

INSURERS may at any time pay to the INSURED in connection with any CLAIM or SERIES OF CLAIMS under this policy the INDEMNITY LIMIT FOR CLAIMS (less any sums already paid) or any lesser sum (after deduction of the EXCESS) for which such CLAIMS can be settled and upon such payment INSURERS shall not be under any further liability in respect of such CLAIMS except for DEFENCE COSTS incurred prior to such payment.

INSURERS shall not be liable for any loss which the INSURED may claim to have sustained in consequence of INSURERS taking the action described in clause 4.1.

### 4.2 Joint INSUREDS

The INDEMNITY LIMIT FOR CLAIMS and the EXCESS apply to all the INSUREDS jointly.

### 4.3 Combined CLAIMS

Where a CLAIM is brought against more than one INSURED it shall be deemed to be and shall be treated as one CLAIM and INSURERS' liability shall be the same as if the CLAIM had been brought against one INSURED only.

### 4.4 Retroactive Date

Where a RETROACTIVE DATE is specified in the schedule, this policy shall not indemnify the INSURED for any CLAIM that arises out of PROFESSIONAL BUSINESS conducted prior to the RETROACTIVE DATE.

### 4.5 Several Liability Notice

This policy is underwritten 100% by Travelers Insurance Co Ltd except where a co-insurance basis is specified by endorsement.

Where indemnity is provided on a co-insurance basis the subscribing insurers' obligations under this policy are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers' are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations hereunder.

### 4.6 Subrogation

Immediately on the notification of a CLAIM or loss or CIRCUMSTANCE, the INSURED grants to INSURERS all rights of recovery against any parties from whom a recovery may be made, and the INSURED will take all reasonable steps to preserve such rights. However, INSURERS agree to waive any rights of recovery against

the INSURED unless liability has resulted in whole or part from any act or omission on the part of such persons which is dishonest, fraudulent, criminal or malicious.

### 4.7 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this policy has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this policy but this does not affect any right or remedy of a third party which exists or is available other than by virtue of the Act.

### 4.8 Choice of Law, Insurance Contract Disputes and Jurisdiction

4.8.1 This policy shall be governed by and construed in accordance with the laws of England and Wales.

4.8.2 Any dispute between INSURERS and the INSURED:

4.8.2.1 as to the correct interpretation of the definition of PROFESSIONAL BUSINESS under this policy, or

4.8.2.2 regarding the application of the Special Condition (Clause 5)

shall be referred by either party for arbitration in accordance with English law and procedure to any person nominated as a sole arbiter by the President of the Institute of Chartered Accountants in England and Wales, whose decision shall be binding on both parties.

4.8.3 Notwithstanding the provisions of clause 4.8.2, if the INSURED and INSURERS cannot agree a common course of action with regard to the contesting of any legal proceedings (whether defence or prosecution), the dispute will be resolved by reference to Queen's Counsel of the English Bar, to be agreed mutually between INSURERS and the INSURED whose decision shall be binding. In the event of disagreement regarding the appointment of Queen's Counsel, the Queen's Counsel shall be appointed by the President of the Institute of Chartered Accountants in England and Wales. The costs of such an exercise shall be allocated by the agreed or appointed party on a fair and equitable basis.

4.8.4 Save as aforesaid, the Courts of England and Wales are to have exclusive jurisdiction for hearing and determining any dispute arising out of or in connection with this policy.

### 4.9 Reasonable Care

The principal, ALTERNATE, partners, LLP members or DIRECTORS of the PRACTICE shall take all reasonable precautions to prevent losses or liability arising in connection with the insured risks and in the event of a CLAIM will take all reasonable steps (subject to the Claims Conditions) to prevent further loss.

#### 4.10 Continuing Duty

The INSURED is under a continuing duty beginning with the proposal and throughout the POLICY PERIOD to disclose as soon as reasonably practicable all material changes in information supplied to INSURERS as part of the proposal.

#### 4.11 Institute Compensation Fund

If the Institute of Chartered Accountants (ICA) becomes subrogated to the INSURED'S rights under this policy arising from the ICA making a payment to a third party from the Institute Compensation Fund, the Institute shall be deemed to rank as a preferential creditor, insofar as the law will allow, and their claim shall have priority over any other party who may also become subrogated to the INSURED'S rights hereunder.

#### 4.12 PRACTICE to act as Agent

All persons falling within the definition of INSURED agree that the PRACTICE is their agent for all purposes in connection with this policy. This policy may be varied or rescinded by agreement between INSURERS and the PRACTICE without the consent of any other person falling within the definition of INSURED.

#### 4.13 Minimum Standards of Control – only applicable to Scope of Cover clause 1.7

It is a **Condition Precedent** to any liability of INSURERS under Scope of Cover clause 1.7 (Fidelity Guarantee) that:

- A. the procedures described in 4.13.1 - 4.13.4 are adhered to from the inception date of this policy; and
- B. in respect of that part of any loss occurring prior to inception of this policy the INSURED can demonstrate to INSURERS' reasonable satisfaction that prudent systems of control and security were adhered to in the PRACTICE throughout the period in which such loss arose.

Any variation from or non-compliance with the procedures described in 4.13.1 - 4.13.4 must be agreed in writing by INSURERS and endorsed hereon.

##### 4.13.1 References

The Insured will obtain written references covering the whole of the preceding three years of employment in confirmation of the honesty of all employees engaged who have responsibility for money, stock and/or accounts.

##### 4.13.2 Signatures

All instruments for the operation of bank account(s) issued will bear two signatures where the amount of such instrument exceeds £10,000. Supporting vouchers will be examined against the instrument in all cases by the signatories irrespective of the amount of the instrument.

##### 4.13.3 Accounting

- 4.13.3.1 there will be a split in duties so that no employee both compiles the payroll and makes wage payments
- 4.13.3.2 the cast of the payroll will be subject to an independent check to ensure that the total amount drawn is correct
- 4.13.3.3 all cheques, postal orders and monies received by employees will be remitted and/or banked in full on the day of receipt or the next banking day
- 4.13.3.4 statements of account for all sums due will be issued at monthly intervals direct to customers independently of employees receiving or collecting monies, cheques or postal orders with management action being taken after the account is three months overdue
- 4.13.3.5 cash book entries will be subject to a monthly physical check (independently of the employees responsible) against bank statements, bank paying-in book counterfoils and vouchers and the balance sheet tested with cash and un-presented cheques

##### 4.13.4 General

- 4.13.4.1 every employee responsible for stock or money is required to:
  - 4.13.4.1.1 take an uninterrupted holiday of at least two weeks duration in any period of twelve months during which he or she performs no duties and is absent from his or her place of business; or
  - 4.13.4.1.2 be assigned to other duties for the balance of the two week holiday period or for two weeks in full; or
  - 4.13.4.1.3 take at least 80% of his/her holiday entitlement in any one holiday period

- 4.13.4.2 where the INSURED is required to submit annual audited accounts all departments must be subject to an audit by an independent firm of Chartered Accountants at least every twelve months and the Auditor's reports are submitted direct to the executive committee
- 4.13.4.3 the system of check and supervision applies to all addresses from which the INSURED operates.

## 5 Special Condition

- 5.1 Where there has been any alleged non-disclosure or misrepresentation of facts or untrue statements in the proposal form or in any other information or statements provided to or made to or warranted to INSURERS and the INSURED has established to INSURERS' reasonable satisfaction that such alleged non-disclosure, misrepresentation or untrue statement was free of any fraudulent conduct or intent to deceive INSURERS, INSURERS will not exercise their right to avoid this policy, nor will INSURERS be discharged from any liability under this policy.
- 5.1.1 However, if such alleged non-disclosure, misrepresentation or untrue statement consists of or includes a failure to inform INSURERS of any CIRCUMSTANCE of which the INSURED was aware prior to inception of this policy and such CIRCUMSTANCE should have been notified under a preceding policy, if the indemnity or cover under this policy is greater or wider in scope than that to which the INSURED would have been entitled under such preceding policy (whether with other insurers or not), INSURERS shall only be liable to afford indemnity in respect of such CIRCUMSTANCE to such amount and extent as would have been afforded to the INSURED by such preceding policy.
- 5.1.2 Where any CIRCUMSTANCE should have been notified prior to obtaining any increase in the INDEMNITY LIMIT FOR CLAIMS or other variation of policy terms providing greater or wider cover, the indemnity available hereunder in respect of such CIRCUMSTANCE shall be limited to the indemnity which would have been available prior to such increase in cover or variation of policy terms.
- 5.2 Where the INSURED'S breach of or non-compliance with any condition of this policy has resulted in prejudice to the handling or settlement of any CLAIM or the amount of any loss sustained by the INSURED or obtaining reimbursement from any dishonest or fraudulent person INSURERS shall be entitled to reduce the indemnity afforded by this policy in respect of such CLAIM (including DEFENCE COSTS) to such sum as in INSURERS' reasonable opinion would have been payable by them in the absence of such prejudice.
- 5.3 This Special Condition 5 shall not apply in respect of any claim or request for indemnity brought under Scope of Cover clause 1.6 (Loss or damage to DOCUMENTS) or 1.7 (Fidelity Guarantee).

## 6 Exclusions

INSURERS shall not be liable to indemnify the INSURED under this policy for:

### 6.1 Contractual Liability

Any liability incurred by the INSURED in the conduct of PROFESSIONAL BUSINESS as a result of an express warranty or guarantee but this exclusion shall not apply if the liability of the INSURED would have existed in the absence of such express warranty or guarantee.

### 6.2 Damage to Property

Any CLAIM arising out of the loss of or damage to property except in connection with any civil liability incurred in respect of loss of or damage to DOCUMENTS

### 6.3 Directors' and Officers' Liability

Any CLAIM against any INSURED in their capacity as a DIRECTOR, officer or trustee in respect of the performance or non-performance of their duties as a DIRECTOR, officer or trustee unless arising out of the provision of PROFESSIONAL BUSINESS

### 6.4 Dishonesty or Fraud

Any CLAIM arising out of any dishonesty or fraud of any INSURED save to the extent that the CLAIM arises by reason of and was solely and directly caused by the (actual or allegedly) dishonest and/or fraudulent act(s) of any past or present partner, DIRECTOR, LLP member, consultant, sub-contractor, ALTERNATE or EMPLOYEE of the PRACTICE or any of them (whether committed alone or in collusion with others) which causes any client of the INSURED to suffer loss and provided always that:

- 6.4.1 no indemnity shall be afforded in respect of any CLAIM arising out of such dishonesty or fraud on the part of any person after discovery by any other INSURED, in relation to that person, of reasonable cause for suspicion of fraud or dishonesty
- 6.4.2 any dishonesty and/or fraud committed by a person or persons acting in concert shall for the purposes of this policy be treated as one CLAIM
- 6.4.3 no indemnity shall be afforded hereunder in respect of such loss to any person committing or condoning such dishonest or fraudulent act or omission
- 6.4.4 any sums payable shall only be for the balance of liability in excess of amounts recoverable from the dishonest or fraudulent person or persons or their estates or legal representatives

### 6.5 Financial Returns

Any CLAIM arising out of the giving of any express or

implied warranty or guarantee relating to the financial return of any investment or portfolio of investments.

### 6.6 Fines, Penalties, Punitive, Multiple or Exemplary Damages

Any fines, penalties or punitive, multiple, aggravated or exemplary damages where such have been identified separately within any award of any court or tribunal unless relating to any actual or alleged defamation arising out of the provision of PROFESSIONAL BUSINESS by or on behalf of the INSURED.

### 6.7 Liability arising out of BODILY INJURY to EMPLOYEES

Any CLAIM arising out of BODILY INJURY to any EMPLOYEE whilst in the course of their employment for or on behalf of the INSURED.

### 6.8 Liability arising out of BODILY INJURY to third parties

Any CLAIM arising out of BODILY INJURY to any person other than any EMPLOYEE. This exclusion shall not apply to any CLAIM which arises from any actual or alleged breach of duty in the performance of (or failure to perform) PROFESSIONAL BUSINESS

### 6.9 Liability arising out of employment

Any CLAIM arising from any liability to or dispute involving any EMPLOYEE, former EMPLOYEE or prospective EMPLOYEE in respect of employment-related libel, slander, humiliation or defamation, unfair or wrongful dismissal, repudiation or breach of any employment contract or arrangement, termination of a training contract or contract of apprenticeship, harassment, discrimination or like conduct.

### 6.10 Liability involving Transport or Property owned by the INSURED

Any CLAIM arising out of the ownership, possession or use by or on behalf of the INSURED of any aircraft, watercraft, hovercraft, motor vehicle or trailer.

### 6.11 Nuclear Risks, War

Any CLAIM whether directly or indirectly caused by, contributed to by, or arising from loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:

- 6.11.1 ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- 6.11.2 the radioactive, toxic, explosive, or other hazardous properties of any explosive nuclear assembly or nuclear component thereof

- 6.11.3 war, invasion, acts of foreign enemies, hostilities, or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, riot, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power
- 6.11.4 confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority

### 6.12 Other Policies

Any CLAIM where the INSURED is entitled to indemnity under any other policy except in respect of any excess beyond the amount which would have been payable under such policy had this policy not been effected.

### 6.13 Pollution

Any CLAIM arising directly or indirectly from POLLUTION. This exclusion shall not apply where such CLAIM arises from any actual or alleged breach of duty in the performance of (or failure to perform) PROFESSIONAL BUSINESS.

### 6.14 Previously notified CIRCUMSTANCES

Any CIRCUMSTANCE which has been notified under any insurance attaching prior to the inception of this policy.

### 6.15 Supply of Goods

Any CLAIM arising directly from goods sold, supplied, repaired, altered, manufactured, constructed, installed or maintained by the INSURED or by any person acting for or on behalf of the INSURED but for the purposes of the exclusion the term 'goods' shall not mean computer software (whether bespoke or 'Packaged') that has been created or modified by or on behalf of the INSURED. 'Packaged' software shall mean any software produced by a third party that is marketed for general distribution on a wholesale or retail basis.

### 6.16 Terrorism

Any CLAIM of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the CLAIM:

War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, riot, civil commotion, assuming the proportions of or amounting to an uprising, military or usurped power; or any act of terrorism.

For the purpose of this exclusion an 'act of terrorism' means an act, including but not limited to the use of

force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, ideological, religious or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes any CLAIM, costs or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or any act of terrorism.

In the event that any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect

If INSURERS allege that by reason of this exclusion, any CLAIM, cost or expense is not covered by this policy the burden of proving the contrary shall be upon the INSURED.

### 6.17 Trading Losses

Any CLAIM arising out of or in connection with any trading losses or trading liabilities incurred by any business managed or carried on by the INSURED. This exclusion does not apply to any CLAIMS made against the INSURED for negligence in the normal course of their conduct of any receivership or procedures under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 or in the Republic of Ireland any receivership or insolvency procedures under the Companies Acts 1963 to 2005 or the Bankruptcy Act 1988 or any amendment or re-enactment thereof.

### 6.18 Underwriting losses

Any CLAIM made by an underwriter or insurance company arising out of the INSURED'S activities as their insurance agent unless the underwriter or insurance company has first obtained a judgment in any court against the INSURED notwithstanding.

### 6.19 USA/Canada

Any CLAIM instituted or pursued in the United States of America, its territories and possessions or Canada (whether for the enforcement of a judgment or finding of a Court or tribunal of another jurisdiction or otherwise) or in which it is contended that the laws of the United States of America, its territories and/or possessions or Canada should or do apply or which involves the enforcement or attempted enforcement of a judgment or finding of a Court or tribunal of the United States of America, its territories and/or possessions or Canada.

## 7 Definitions and Interpretations

The following words and phrases are used in this policy and in certain instances the words may be used in the plural or singular form. Wherever they appear they are deemed to have the meaning set out below.

### 7.1 ALTERNATE

Means any individual practitioner, partnership, limited liability partnership or company who or which is acting in connection with the arrangements to cover the incapacity or death of a sole practitioner

### 7.2 BODILY INJURY

Shall mean death, injury, illness or disease whether bodily or mental (including anguish, emotional distress and shock)

### 7.3 CIRCUMSTANCE

Shall mean an incident, occurrence, fact, matter, act or omission which, regardless of the EXCESS, may give rise to a CLAIM or any other entitlement to indemnity under the policy.

### 7.4 CLAIM

Shall mean:

- 7.4.1 any demand for, or assertion of a right to, damages or compensation made against the INSURED
- 7.4.2 any notice of intention, whether orally or in writing, to commence legal proceedings against the INSURED
- 7.4.3 any communication with the INSURED in whatsoever form invoking any Pre-Action Protocols as may be issued and approved from time to time.
- 7.4.4 any complaint or reference to any Ombudsman which arises out of the conduct of PROFESSIONAL BUSINESS carried on by or on behalf of the INSURED

### 7.5 COMPUTER SYSTEM

Shall mean any computer, data processing equipment, media or part thereof, or system of data storage and retrieval, or communications system, network, protocol or part thereof, or storage device, microchip integrated circuit, real-time clock system or similar device, or any computer software (including but not limited to application software, operating systems, runtime

environments or compilers), firmware or microcode, or any electronic documents utilised in the ownership, security and management of the INSURED'S electronic communication system, world-wide web site, internet site, intranet site, extranet site, or web address(es).

### 7.6 DEFENCE COSTS

Shall mean all legal costs and expenses incurred with the prior written and continuing consent of INSURERS (such consent not to be unreasonably withheld, unreasonably delayed or unreasonably withdrawn) in the investigation, defence or settlement of any CLAIM and/or CIRCUMSTANCE.

DEFENCE COSTS do not include any internal or overhead expenses of the INSURED or INSURERS or the cost of any INSURED'S time.

### 7.7 DIRECTOR

Shall have the meaning given by section 741(1) of the Companies Act 1985 or article 9 of the Companies (Northern Ireland) Order 1986 as appropriate.

### 7.8 DOCUMENTS

Shall mean all:

- 7.8.1 documents (excluding bearer bonds coupons bank or currency notes or other negotiable instruments); or
- 7.8.2 records held on COMPUTER SYSTEMS or other data storage systems

### 7.9 EMPLOYEE

Shall mean any person acting under a contract of service with the INSURED in respect of the conduct of PROFESSIONAL BUSINESS by the INSURED.

### 7.10 EXCESS

EXCESS shall mean the sum stated in the schedule as 'Insured's Contribution' but where any INSURED is a member of the Institute of Chartered Accountants the EXCESS shall not exceed in the aggregate the maximum amount permissible calculated in accordance with the relevant provisions of the Professional Indemnity Insurance Regulations of the Institute of Chartered Accountants in England and Wales/of Scotland applicable at the start of the POLICY PERIOD.

### 7.11 INDEMNITY LIMIT FOR CLAIMS

Shall mean the limit of INSURERS' liability under this contract stated in the schedule against 'Limit of Indemnity' or any lesser applicable limit where such lesser limit appears elsewhere in this policy.

## **7.12 INSURED**

Shall mean each of the following:

- 7.12.1 the PRACTICE
- 7.12.2 the partners and/or DIRECTORS and/or LLP members of the PRACTICE during the POLICY PERIOD
- 7.12.3 former partners and/or former DIRECTORS and/or former LLP members of the PRACTICE
- 7.12.4 any retired partner, DIRECTOR or LLP member of the PRACTICE remaining as a consultant to the PRACTICE
- 7.12.5 any EMPLOYEE and/or former EMPLOYEE of the PRACTICE and any self-employed person retained by the INSURED under a contract for services
- 7.12.6 the estate, heirs and executors and/or legal/personal representatives of those parties mentioned in 7.12.1 - 7.12.5 in the event of their death, incapacity, insolvency or bankruptcy.
- 7.12.7 Any person who is acting on behalf of the PRACTICE as an ALTERNATE

## **7.13 INSURERS**

Shall mean Travelers Insurance Co Ltd

## **7.14 POLICY PERIOD**

Shall mean the period stated in the schedule as 'Period of Insurance'

## **7.15 POLLUTION**

Shall mean pollution, seepage or contamination by naturally occurring or man-made substances, forces or organisms or any combination of them whether permanent or transitory and however occurring.

## **7.16 PRACTICE**

The practice or practices named in the schedule as 'Named Insured', their predecessors and any other practices disclosed to INSURERS in the proposal form.

## **7.17 PROFESSIONAL BUSINESS**

Shall mean:

- 7.17.1 those services (including the giving of advice) of whatsoever nature which are performed by or on behalf of the PRACTICE within the TERRITORIAL LIMITS irrespective of whether a fee is charged or not, but provided that if a fee is charged it is taken into account in ascertaining the income of the PRACTICE which is disclosed to INSURERS.
- 7.17.2 services performed (including the giving of advice) within the TERRITORIAL LIMITS by any INSURED whilst holding an individual personal appointment (including, but without prejudice to the generality of the foregoing, any appointment

as a trustee or personal representative made or accepted in the course of the INSURED'S business), but whilst holding such personal appointment as a Company Secretary or Registrar or DIRECTOR policy cover is only provided to an INSURED in relation to the performance of 'Services' as described in 7.17.3

- 7.17.3 whilst holding the appointment of Company Secretary or Registrar or DIRECTOR referred to in 7.17.2 'Services' shall mean all services performed or advice given in connection with tax matters, secretarial work, share registration, financial advice to management, book-keeping, management accounting, financial investigation and reports, financial claims – their negotiation and settlement, company formations, investment advice, insurance and pension scheme advice and computer consultancy

## **7.18 RETROACTIVE DATE**

Shall mean the date (if any) stated in the schedule against 'Retroactive Date'.

## **7.19 SERIES OF CLAIMS**

- 7.19.1 Shall mean two or more CLAIMS (whether made against or involving one or more persons or entities comprising the INSURED and whether made by the same or different claimants and whether falling under one or more insuring clauses of this policy and whether notified to INSURERS separately or in a consolidated notification) that arise directly or indirectly from the same originating cause.

- 7.19.2 A SERIES OF CLAIMS shall be deemed to be and shall be treated as a single CLAIM for the purposes of applying the INDEMNITY LIMIT FOR CLAIMS.

## **7.20 TERRITORIAL LIMITS**

Shall mean anywhere in the world but excluding the United State of America or Canada or their territories or possessions.

## 8 Difference In Conditions Clause

This policy is intended to meet the minimum professional indemnity insurance wording requirements of the Institute of Chartered Accountants (ICA).

For the avoidance of doubt, in any dispute in connection with any provision of this policy it is understood and agreed that the minimum professional indemnity wording requirements of the ICA (as applicable at the start of the POLICY PERIOD) will take precedence over any provision of this policy which is less favourable to the INSURED.

*SAMPLE*

*SAMPLE*



Travelers Insurance Company Limited  
61-63 London Road, Redhill, Surrey RH1 1NA

[travelers.co.uk](http://travelers.co.uk)

Authorised and regulated by the Financial Services Authority

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