

2024/25 Professional Indemnity Insurance Policy Wording

Explanation of Changes

Lawcover Insurance Pty Limited
ABN 15 095 082 509
Level 13, 383 Kent Street
Sydney NSW 2000
Telephone: 1800 650 748
(02) 9264 8855
Website: lawcover.com.au

Lawcover has reviewed its policy wording in detail this year, and made changes to enhance clarity and consistency.

Set out below is a summary of the changes made to the Lawcover Professional Indemnity Insurance (PII) policy wording for the 2024/25 policy year:

1. Certain key terms have been printed in red, to draw attention to obligations of the insured and exclusions in the policy wording.
2. Clause 20 is amended to replace the words "at their expense" with the words "without charge to us" to clarify the intent of the clause, which is that the insured law practice may not charge Lawcover for time and resources spent in cooperating with the claims investigation and handling process.
3. Clause 22 is modified to clarify how the notice periods apply in the event that the insured law practice does not accept or respond to a settlement recommendation. The words "in our absolute discretion" have also been removed from clause 22(b) noting the entitlement of the insured law practice to seek an opinion of a lawyer regarding a proposed settlement, and the process for doing so.
4. Clause 23 and 24 have been modified to clarify the operation of the notice period if the insured law practice requires an opinion from a lawyer regarding a decision of Lawcover on whether or not to appeal.
5. Clause 29 has been modified to remove the words "in our absolute discretion" as relates to Lawcover's determination to reduce indemnity for costs, and to include a requirement on Lawcover to give notice of its determination. This recognises the insured law practice's entitlement to dispute Lawcover's determination, and the process for doing so, as set out in clause 30. That clause has also been modified to clarify the time frame and purpose for which the insured law practice can require an opinion from a lawyer.
6. Clause 31 requires the insured law practice to indemnify Lawcover if its breach prejudices Lawcover's interests. This clause has been amended to reduce the indemnity by an amount that reflects Lawcover's contribution to the breach due to fraud, negligence or wilful misconduct, if applicable.
7. Clause 39 and 40, regarding prior practice determination, have been modified to remove the words "our determination is final and binding" and to include a reference to any other relevant information that an insured law practice submits, as information for which Lawcover may have regard in determining whether the law practice is a successor to a prior practice. This accords with Lawcover's current practice of reviewing information provided by insured law practices, and modifying prior practice determinations in light of that information, where appropriate.
8. The heading above clause 41 has been amended to refer to APRA *Capital Requirements* to better reflect the purpose of the clause, which relates to the requirement to pay additional premium if APRA requires Lawcover to increase its capital.
9. Changes have been made to simplify the Excess wording in the Schedule. The intent is unchanged. That is, a double excess is required to be paid by the insured law practice if a claim arises from a payment or funds transfer on instructions or authorisation that the insured did not take reasonable steps to verify.

Community Legal Services and Run Off PII policy wording changes

10. Changes to the Community Legal Services and Run Off wordings reflect the changes to the primary PII policy wording, although paragraph numbers differ.