

# Professional Indemnity Insurance – Members Guide

## A guide for members regarding Professional Indemnity Insurance (PII) requirements

CPA Australia Ltd (“CPA Australia”) has minimum requirements for PII for members providing public accounting services. These requirements are detailed in By-Law 9.8 and can be found at [cpaaustralia.com.au](http://cpaaustralia.com.au).

The purpose of this guide is to provide you with answers to commonly asked questions and to assist you in meeting your PII obligations.

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## Why do I need PII?

By-Law 9.8 requires that every member providing Public Accounting Services into Australia or New Zealand (no matter where in the world they are located), or who holds a current Public Practice Certificate, must hold a current enforceable PII policy that satisfies at least the minimum requirements.

PII is a form of liability insurance which may indemnify the member for any civil liability arising from a claim made by their clients and others who rely on their professional advice. Professional indemnity claims for accountants are usually made based on economic loss as a result of advice provided.

## What is the minimum amount of PII required?

Members offering public accounting services in Australia who hold a CPA Australia Public Practice Certificate are required to hold a minimum of PII cover as set out in By-Laws 9.8(c).

Below is an excerpt from By-Law 9.8(c)

The minimum requirements, unless otherwise specified by the Board in any particular case, for a policy of professional indemnity insurance are:

- (i) the minimum sum insured must be the greater of:
- A. the sum of NZ\$1,000,000 for New Zealand-based Members;
  - B. for Australian-based Members:

	<b>For Australian-based Members not providing audit, assurance services</b>	<b>For Australian-based Members providing audit, assurance services</b>
If the Member is in an Approved Practice Entity with practice fee income for the prior year of less than \$10 million.	\$2 million	\$2 million
If the Member is in an Approved Practice Entity with practice fee income for the prior year of between \$10m- \$20m	\$10 million	\$10 million
If the Member is in an Approved Practice Entity with practice fee income for the prior year of more than \$20m	\$20 million	\$75 million

## What is a Professional Standards Scheme?

A professional standards scheme limits the liability of members with regard to economic loss for damages arising from occupational and civil liabilities. A professional standards scheme does not limit liability for death, personal injury, a breach of trust, fraud or dishonesty. Professional standards schemes are approved and monitored by the [Professional Standards Councils](#) operating in each Australian state or territory.

Members who are eligible to participate in the scheme must continue to hold the correct amount of PII suitable for the services they provide and their practice's income (By-Law 9.8).

Further guidance is available on our website: [CPA Australia's Professional Standards Scheme](#).

## Is there anything else I should consider when seeking a PII policy?

Some best practice considerations are:

- The policy should be a 'claims made' or 'claims made and notified' policy rather than an 'occurrence' based policy.
- The policy should have a continuous cover extension.
- The policy should contain an aggregation clause which provides that, for the purposes of calculating the number of excesses payable:
  - all causally connected or interrelated acts, errors or omissions shall jointly constitute a single act, error, or omission under this Policy; and
  - where a single act, error, or omission gives rise to more than one claim, all such claim(s) shall jointly constitute one claim.
- Members should preferably seek to obtain a single policy which complies with these standards.

## What if I can't obtain PII?

Whilst holding a CPA Australia Public Practice Certificate, it is a breach of the By-Laws not to have a current PII policy that meets the minimum requirements prescribed in By-Law 9.8. In the event that you do not renew your PII and do not contact CPA Australia to discuss your circumstances or options, a member may be referred to the General Manager Professional Conduct for not meeting your requirements.

## What evidence do I need to send you that I hold a current PII policy?

You must complete your PII declaration annually in the [PII portal](#), which includes your policy information and details of any claims or notifications you've received.

## What is the timeframe for completing the annual declaration?

The annual declaration should be completed in the [PII portal](#) within 10 business days of the issue, renewal or replacement of your PII.

## Does CPA Australia have a preferred insurer?

We do not prefer or endorse any insurance supplier or product. Members are at liberty to seek professional indemnity insurance cover with whomever they wish, provided that the requirements set out in the By-Laws are met. Over the years we have identified insurance providers (insurance brokers and insurance underwriters) who can provide cover that meets the requirements under our By-Laws. Presently we are partnered with Marsh\* who can provide a PII solution for our members that meets By-Law 9.8 requirements.

As with all insurance cover, members must conduct their own due diligence to ensure that any cover they acquire meets the requirements of CPA Australia's By- Laws, the professional standards scheme and the Member's specific requirements.

## Do I have to use Marsh?

No. Members can choose their insurer (or broker) provided the PII policy meets the requirements of CPA Australia's By- Laws and professional standards schemes.

**In the past, if my PII policy was held with QBE or Fenton Green, I didn't have to update my PII portal. Do I have to do so now?**

Yes. All members must complete their annual PII declaration in the PII portal within 10 business days of the issue, renewal or replacement of your PII.

**If my PII policy is held with Marsh, do I have still need to complete my declaration in the PII portal?**

Yes.

**What happens if I do not complete my declaration in the PII portal?**

If the declaration is not completed, you may be referred to Professional Conduct.

**I have sold my practice and I am now retired. Do I need PII?**

Members must ensure they have appropriate run-off cover once they cease offering public accounting services. Please email [publicpractice@cpaaustralia.com.au](mailto:publicpractice@cpaaustralia.com.au) to outline your circumstances and arrange for the [cancellation](#) of your Public Practice Certificate. An update or cancellation application will need to be completed if you are no longer providing professional accounting services and/or you no longer require a PPC or LPPC.

**I have sold my practice and now work for another practitioner. Do I need PII?**

If you are now working for an employer you may be covered by their PII policy. Members must ensure they have appropriate run-off cover once they cease offering public accounting services. Please email [publicpractice@cpaaustralia.com.au](mailto:publicpractice@cpaaustralia.com.au) to outline your circumstances. An update or cancellation application may need to be completed depending on your circumstances.

**I only provide private accounting services to family and friends. Do I need PII?**

Yes, members undertaking private and honorary accounting services must hold appropriate PII. CPA Australia offers a complimentary PII policy for private and honorary services provided by members who:

- hold the CPA or FCPA designation
- are located in Australia and New Zealand
- do not hold a Public Practice Certificate or Limited Public Practice Certificate
- earn less than \$10,000 gross annual income from public accounting services provided personally and by all public practice entities with which the member is affiliated, and
- do not advertise or hold their services out to the public
- do not brand as a CPA practice.

Visit the [CPA Mini Master Policy page](#) to view the eligibility requirements and policy details to determine if this cover is appropriate for your circumstances\*.

**I have retired and I am doing pro- bono work. Do I need PII?**

Members undertaking pro-bono work must hold PII. CPA Australia offers a complimentary PII policy specifically for members performing pro bono or voluntary accounting services in the community. All

eligible members automatically have access to this policy. You do not need to opt-in to receive the benefit of the cover. Please visit the [CPA Australia Pro Bono and Voluntary PII Policy page](#) to view the eligibility requirements and policy details to determine if this cover is appropriate for your circumstances\*.

Members must ensure they have appropriate run-off cover once they cease offering public accounting services. Please email [publicpractice@cpaaustralia.com.au](mailto:publicpractice@cpaaustralia.com.au) to outline your circumstances and arrange for the cancellation of your Public Practice Certificate. An update or cancellation application will need to be completed if you are no longer providing professional accounting services and/or you no longer require a PPC or LPPC.

## How can I contact Marsh?

Marsh can be contacted via the contact details listed below:

### Australia:

Ph. 1300 446 960

[cpa.accountants@marsh.com](mailto:cpa.accountants@marsh.com)

[Marsh website](#)

### New Zealand:

Tahlia Rogers-Brown | Client Executive – Affinity

m: +64 27 476 4625 | e: [tahlia.rogers-brown@marsh.com](mailto:tahlia.rogers-brown@marsh.com)

Shaneel Sharma | Client Executive – Affinity

m: +64 21 630 217 | e: [shaneel.sharma@marsh.com](mailto:shaneel.sharma@marsh.com)

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*It is important for you to consider these matters and read the Product Disclosure Statement (PDS) before you make a decision. You can get a copy of the PDS for the complimentary PII policies from the dedicated Landing Pages. Contact your broker or insurer for a copy of the PDS relating to PII for public accounting services. Independent professional advice should be sought with respect to the product(s) and service(s) and any information referred to on the Landing Pages and/or any Third Party Information.*

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