

# Professional Indemnity (PI) Insurance

---

New Licensee Checklist

**SAMPLE**

**Name:** [insert full company name]

**Date:** [insert]

## FACTORS TO CONSIDER AS TO WHETHER AMOUNT OF COVER IS ADEQUATE

There are certain requirements to consider when assessing whether your Professional Indemnity (PI) insurance is adequate. In Regulatory Guide 210, ASIC's guidance focuses on:

1. the amount of the cover;
2. the scope of the cover; and
3. whether the policy excludes cover for key aspects of the credit licensee's business.

Below we have listed some key questions that ASIC may ask as part of your credit licence application and that should be considered as you apply for PI insurance.

### STEP 1 – AMOUNT OF COVER

To determine what amount of cover is adequate, the amount of your PI insurance must be effective for compensating consumer losses. At a minimum, ASIC expects the PI Insurance policy to cover:

- at least \$2 million per claim and in the aggregate; and
- approximately equivalent to the actual or expected revenue from credit activities relating to consumers (capped at \$20 million).

An adequate amount of cover will differ depending on the extent of credit activities undertaken by a credit licensee, the nature of the business, and the likelihood of claims against that credit licensee.

|                                                                                                                                                                               |                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Estimate of Expected Revenue (including the revenue any credit licensee may receive from providing credit services to consumers (if applicable)) for the next financial year: | Go to Question 4<br><input type="checkbox"/> N/A                                                  |
| Does the PI insurance policy have a limit of at least \$2 million for any one claim?                                                                                          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><i>If No, policy is inadequate</i> |
| Is the cover approximately equal to expected revenue from credit services provided to consumers?                                                                              | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><i>If No, policy is inadequate</i> |
| Does the policy have an adequate level of indemnity to cover a reasonable estimate of consumer losses?                                                                        | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><i>If No, policy is inadequate</i> |
| Is the level of indemnity adequate to cover claims brought both inside and outside EDR schemes?                                                                               | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><i>If No, policy is inadequate</i> |
| Are defence costs covered separately from the amount of indemnity cover?                                                                                                      | <input type="checkbox"/> Yes<br><input type="checkbox"/> No                                       |