

THE NEW INDIA ASSURANCE CO. LTD.
REGISTERED & HEAD OFFICE: 87, MAHATMA GANDHI ROAD, MUMBAI 400001

**PROFESSIONAL INDEMNITY ERRORS & OMISSIONS INSURANCE FOR CHARTERED
ACCOUNTANTS**

Terms & Conditions:

1. OPERATIVE CLAUSE:

WHEREAS the insured named in the Schedule hereto and carrying on the business/profession described in the said Schedule has applied to THE COMPANY LIMITED (hereinafter called 'the COMPANY') for the indemnity hereinafter contained and has made a written proposal and declaration which shall be the basis of this contract and is deemed to be incorporated herein and has paid the premium as consideration for or on account of such indemnity.

NOW this policy witnessed that subject to the terms exceptions and conditions contained herein or endorsed hereon the Company will indemnify the Insured against their legal liability to pay compensation including defense costs, fees and expenses anywhere in India in accordance with Indian Law.

2. INDEMNITY:

The Indemnity applies only to claims arising out of losses and/or damages during the period of insurance first made in writing against the Insured during the Policy Period and Insured is indemnified in accordance with Operative Clause for any breach of Professional duty by reason of any negligent act, error or omission, whenever and wherever committed or alleged to have been committed during the period of insurance, by

- (i) The insured as stated in the Schedule
- (ii) The predecessors in business of the said firm in respect of whom insurance coverage is expressly provided in the Schedule
- (iii) Any person at any time employed by the Insured or by such predecessors in business in the conduct, by or on behalf of the said firm or such predecessors of any business conducted in their professional capacity.

Provided always that

- (a) Such Act during the Period of Insurance results in a claim being first made in writing against the Insured during the policy period as stated in the Schedule.
- (b) There shall be no liability hereunder for any claim made against the insured for act committed or alleged to have been committed prior to the Retroactive Date specified in the Schedule.

For the purpose of determining the Indemnity granted

(a) 'Policy Period' means the period commencing from the effective date and hour as shown in the Policy Schedule and at midnight on the expiry date as shown in the Policy Schedule.

(b) 'Period of Insurance' means the period commencing from the retroactive date and terminating on the expiry date as shown in the Policy Schedule.

(c) 'Bodily Injury' means death, injury, illness or disease of or to any person.

3. LIMIT OF INDEMNITY:

Company's total liability to pay compensation, claimant's costs, fees and defense costs shall not exceed the limit of indemnity stated in the Schedule. Indemnity Limit applies to any one claim or series of claims arising from one originating cause. Indemnity Limit shall represent the total amount of company's liability during the Policy Period.

4. DEFENSE COSTS:

The Company will pay all costs, fees and expenses incurred with their prior consent in the investigation, defense or settlement of any claim made against the Insured and the costs of representation at any inquest, inquiry or other proceedings in respect of matters which have a direct relevance to any claim made or which might be made against the Insured, provided such claim or claims are the subject of indemnity by the Policy. Such costs, fees and expenses are called 'Defense Costs'.

5. (a) NOTIFICATION EXTENSION CLAUSE:

Should the Insured notify the Company during the Policy Period in accordance with General Condition No. 10.1 of any specific event or circumstance which the company accepts may give rise to a claim or claims which form the subject of indemnity by this policy, then the acceptance of such notification means that the Company will deal with such claim or claims as if they had first been made against the Insured during the Policy period. The extension under the Clause will be subject to the maximum time limit laid down under the Indian Limitation Act in force from time to time.

5. (b) EXTENDED CLAIM REPORTING CLAUSE:

In the event of non-renewal or cancellation of this Policy either by the Company or by the Insured, the Company will allow a time limit not exceeding 90 days from the date of expiry or cancellation of the policy, provided no insurance is in force during this extended reporting period for the same interest, for notification of claims for accidents which had taken place during the period of insurance but could not be made during the Policy Period, provided however, all claims made during the extended reporting period shall be handled as if they were made on the last day of the expiring policy period and are subject to the limits of indemnity and the terms, conditions and exceptions of the policy.

6. CLAIMS SERIES CLAUSE:

For the purpose of this policy where a series of losses and/or bodily injuries and/or deaths are attributable directly or indirectly to the same cause or error or omission relating to discharge of professional services all such losses and/or bodily injuries and/or death claims shall be added together and all such losses and/or bodily injuries and/or death shall be treated as one claim and such claim shall be deemed to have been made at the point in time when the first of the claims was made in writing. There shall, however, be no coverage for claims made arising from one specific cause which are made later than 3 years after the first claim of the series.

7. COMPULSORY EXCESS:

The Insured shall bear for each and every claim a compulsory Excess of 1/2% of the limit of Indemnity per Any One Year as shown in the schedule subject to minimum of Rs. 5,000/- and maximum of Rs. 1 lac.

8. VOLUNTARY EXCESS:

In the event of the Insured opting the policy shall be subject to a voluntary excess as mentioned in the Schedule. This voluntary excess shall be applicable to each and every claim. The Company's liability shall attach for the claim in excess of such compulsory and voluntary excess.

9. EXCLUSIONS:

This Policy shall not indemnify the Insured against any claim made against them in respect of :

- (a) (i) Arising out of all personal injuries such as libel, slander, false arrest, wrongful eviction, wrongful detention, defamation, etc. and mental injury, anguish or shock resulting therefrom.
 - (ii) Infringement of plans, copy-right, patent, trade name, trade mark, registered design.
- (b) Infringement of patents and copy-rights or arising from the granting of licences by the Insured as a party to the construction project.
- (c) Any dishonest, fraudulent criminal or malicious act or omission
- (d) Liabilities assumed by the Insured by agreement and which would not have attached in the absence of such agreement.
- (e) Loss of any documents/data/information/losses sustained on account of time spent in investigating the cause of damage (including costs for re-projecting in connection with the damage) and claims for losses sustained.
- (f) Bodily injury, sickness, disease, death, damage to property or financial loss and/or consequential loss unless arising out of wrongful, faulty or inadequate design or advice.
- (g) Injury to any person under the contract of employment or apprenticeship with the Insured their contractor(s) and/or Sub-Contractor(s) when such injury arises out of the execution of such contract.

- (h) The ownership, maintenance, use, occupation, leasing or custody of property mobile and/or immobile by, to or on behalf of the Insured, or brought about by damage to or destruction of property owned by, rented or leased to or in the custody of the Insured.
- (i) Deliberate, willful or intentional non-compliance of any Statutory provision.
- (j) Fines, penalties, punitive or exemplary damages or any other damages resulting from the multiplication of compensatory damages.
- (k) Any happening through or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power.
- (l) Losses directly or indirectly caused by or contributed by
 - (i) Ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
 - (ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
- (m) Earthquake, earth-tremor, volcanic eruption, flood, storm, tempest, typhoon, hurricane, tornado, cyclone or other similar convulsions of nature and atmospheric disturbance.
- (n) Any loss and/or damage and/or injury which has its origin in a neglect, error or omission prior to the Retroactive Date mentioned in the Schedule
- (o) The deliberate non-compliance with technical standards commonly observed in professional practice, laid down by law, or regulated by official bodies
- (p) Loss of use and/or loss due to delay
- (q) Ownership and/or conduct of any other business or activities wholly or partly owned/operated or managed except the business described in the Schedule.
- (r) Arising from exceeding fire estimates and costs from not adhering to deadlines in completing the construction of project or part thereof and from defective accounts or control of accounts.
- (s) Inadequate quantities/qualities or arranging or handling the supply of material
- (t) Activities of the Insured as joint venturer or as partner unless such joint venture and/or partnership is described in the Schedule; the liability of the Company being limited to the extent of participation/share in the business so named
- (u) Any contract where the Insured acts as a construction contractor whether or not in conjunction with his/their profession as stated in the Schedule
- (v) Liabilities arising out of pollution and/or contamination whatsoever nature.
- (w) Claims for losses as a consequence of material or construction damage, such as eg. loss of production of all kinds, loss for inferior performance, poor quality or lower profitability and additional futile expenditure of the principal to reach normal performance, quality or profitability
- (x) Claims for damage cause by motor vehicles, sea vessels or aircraft

10. CONDITIONS:

(a) The Insured shall give written notice to the Company as soon as reasonably practicable of any claims made against the Insured (or any specific event or circumstances that may give rise to a claim being made against the Insured) and which forms the subject of indemnity under this policy and shall give all such additional information as the Company may require. Every claim, writ, summons or process and all documents relating to the event shall be forwarded to the Company immediately they are received by the Insured.

(b) No admission offer promise or payment shall be made or given by or on behalf of the Insured without the written consent of the Company.

(c) The Company will have the right but in no case the obligation, to take over and conduct in the name of the insured the defence of any claims and will have full discretion in the conduct of any proceedings and in the settlement of any claim and having taken over the defence of any claim may relinquish the same. All amounts expended by the Company in the defence, settlement or payment of any claim will reduce the limits of indemnity specified in the Schedule of the Policy. In the event that the Company, in its sole discretion chooses to exercise its right pursuant to this condition, no action taken by the company in the exercise of such right will serve to modify or expand in any manner, the company's liability or obligations under this policy beyond what the company's liability or obligations would have been had it not exercised its rights under this condition.

(d) The Insured shall give all such information and assistance as the Company may reasonably require.

(e) The Insured shall give notice as soon as reasonably practicable of any fact, event or circumstance which materially changes the information supplied to the Company at the time when this policy was effected and the Company may amend the terms of this policy.

(f) The Company may at any time pay to the Insured in connection with any claim or series of claims under this policy to which an indemnity limit applies the amount of such limit (after deduction of any sums already paid) or any lesser amount for which such claims can be settled and upon such payment being made the Company shall relinquish the conduct and control of and be under no further liability in connection with such claims.

(g) The Policy and the Schedule shall be read together as one contract and any word or expression to which a specific meaning had been attached in any part of this policy or the Schedule shall bear such specific meaning wherever it may appear. The terms and exclusions of this policy (and any phrase or word contained therein) shall be interpreted in accordance with the Indian Law.

(h) If at the time of happening of any event resulting into a liability under this policy, there be any other liability insurance or insurances effected by the Insured or by any other person covering the

same liability, then the Company shall not be liable to pay or contribute more than its rateables proportion of such liability.

(i) This Policy does not cover liability which at the time of happening of any event resulting into such liability, be insured by or would but for the existence of this policy, be insured by, any other policy (but not a liability policy) or policies, except in respect of any excess beyond the amount which could have been payable under such policy/policies had this insurance not been effected.

(j) The Company may cancel this Policy by giving thirty days' notice in writing of such cancellation to the Insured's last known address and in such an event the company will return a pro-rata portion of the premium (subject to a minimum retention of 25 per cent of the annual premium) for the unexpired part of the Insurance.

This Policy may also be canceled by the Insured by giving thirty days' notice in writing to the Company in which event the Company will retain premium at short period scale provided there is not claim under the Policy during the period of Insurance. In case of any claim under the policy, no refund of premium shall be allowed.

(k) In the event of Liability arising under the Policy or the payment of a claim under this Policy, the limit of indemnity per any one year under the policy shall get reduced to the extent of quantum of liability to be paid or actual payment of such claim. Under not circumstance it shall be permissible to reinstate the aggregate limit of indemnity to the original level even on payment of extra premium.

(l) It is also hereby further expressly agreed and declared that if the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within 12 calendar months from the date of such disclaimer have been made the subject matter of suit in a court of Law then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

(m)The Company shall not be liable make any payment under this Policy in respect of any claim if such claim shall be in any manner fraudulent or supported by any statement or device whether by Insured or by any person on behalf of the Insured and/or if the insurance has been continued in consequence of any material mis-statement or the non-disclosure of any material information by or on behalf of the Insured.

(n)Policy disputes Clause:

Any dispute concerning the interpretation of the terms conditions limitations and/or exclusions contained herein is understood and agreed to by both the Insured and Company to be subject to India Law. Each party agree to submit to the jurisdiction of any Court of competent jurisdiction within India and to comply with all requirements necessary to give such Court of jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such Court.

ENDORSEMENT

Retroactive date, entered by the Insured /member in the previous Insurance details and as appearing in the schedule against the respective AOY, is subject to verification at the time of claim intimation under the policy and.

Notwithstanding anything contained in the schedule ,the Retroactive date of the previous AOY will be restricted to a date not earlier than 2 years from the date of commencement of this Insurance provided the Insurance cover is continuous. (i.e.without any break, one days break will not be considered as break in Insurance)

FAQ's:

Type of policies available:

We offer two types of professional indemnity insurance to active CA members.

1. Individual policy for CA alone.
2. Partnership Firm policy for a registered CA firm with ICAI.

Registration procedure as follows:

For, Individual:

Please visit icai.newindia.co.in under customer registration tab, select Individual registration.

Here you have to enter basic details here.

After registration is successful. Send us the following at niasupport@gradatim.co.in

- (a) ICAI membership card
- (b) PAN card

Our team will verify the details and will activate the login credentials.

Using the credentials you have already entered during registration time, you will be able to login to the ICAI-NIA portal

For, Partnership Firm:

Please visit icai.newindia.co.in

under customer registration tab, select firm registration.

Here with the basic details of your firm complete registration.

After registration is successful. Send us at niasupport@gradatim.co.in

- (a) Firm ID issued by ICAI
- (b) Firm PAN card
- (c) Firm GST certificate

Our team will verify the details and will activate the login credentials.

Using the credentials you have already entered during registration time, you will be able to login to the ICAI-NIA portal

1) WHO CAN TAKE THIS POLICY?

Any professional acting in professional capacity can take this policy.

Failure to exercise due care in one's profession may give cause of action against him by his client, since such duty to the client applies to any profession be that a doctor, solicitor or a Chartered Accountant.

2) WHY SHOULD ONE TAKE THIS POLICY COVER?

There could be two counts based upon which an action may be initiated against any professional for damages due to negligence.

- 1) Professional did not have the necessary degree of skill or

2) Professional had the necessary skill but not exercise the same in particular case.

The consequences of such an action could be very grievous as far as the professional is concerned since it may invite unwanted publicity or legal action against the professional in case of negligence. Moreover, any such action not only affects the reputation of the professional but may also invite bankruptcy in case of legal action and penalties imposed by the court or such other institutions.

3) WHAT DOES THE POLICY COVER?

This policy covers all sums that Courts may direct the professional to pay to third party.

This also includes legal costs/expenses incurred by the insured.

4) HOW TO SELECT SUM INSURED?

In Professional Indemnity Policy, The sum insured is referred to as Limits of Indemnity. The limit is fixed per accident and per policy period which is called Any One Accident (AOA) limit and Any One Year (AOY) limit respectively. The ratio of AOA limit to AOY limit is fixed as 1:1 in this policy. The AOA limit, which is maximum amount payable for each accident, should be fixed taking into account the nature of activity of the insured and the maximum number of people who could be affected and maximum property damage that could occur, in the worst possible accident.

5) GEOGRAPHICAL SCOPE OF THE POLICY:

Aggregate limits within geographical limits of India including Nepal/Bhutan are covered on annual basis.

6) WHAT IS NOT COVERED /EXCLUSIONS:

1) Criminal act or any act committed in violation of any law or ordinance. 2) Any services rendered under influence of intoxicants. 3) Third party liability. 4) Any contractual liability which would not exist but for the contract. 5) Non-compliance of statutory provisions. 6) Loss of goodwill/market. 7) Any libel, false arrest, detention. 8) Fine, penalty punitive or exemplary damages. 9) War and allied perils, radioactive contamination, etc. 10) Deliberate disregard of technical/administrative management &/or reasonable steps to prevent the claim.

7) HOW TO CLAIM

In case of any event likely to give rise to a liability claim, insurance company should be informed immediately. In case any legal notice or summons received, it should be sent to the insurance company. The company has the option of arranging the defence of the case.

Claim Process

What is Indemnity Claim?

The term "liability" means responsibility and "legal liability" means responsibilities which can be enforced by law. Legal Liability may be classified into Criminal Liability and Civil Liability. Only Civil Liability claims are payable. Civil Liability claims will arise if there is prima facie evidence of negligence by the insured resulting in injury or death to any third party or resulting in damage to property belonging to a person other than insured. Negligence will be proved only when following conditions are satisfied:

1. Existence of duty of care
2. Breach of this duty
3. Injury suffered by a person or property damaged as a result of that breach.

The event giving rise to the claim should have occurred during the period of insurance or retroactive period and the claim first made in writing against the insured during the policy period. The maximum amount payable including defense cost will be the AOA limit selected. The Any One Year limit will get reduced by the amount of claim or indemnity paid for any one accident. Any number of such claims made during the policy period will be covered subject to the total indemnity not exceeding the Any One Year limit.

About Professional Indemnity Policy coverage:

Professionals in the course of discharging their services may commit errors and commissions or cause damage/loss/hardship to their clients by way of unintentional negligence. They are responsible for such liabilities under common law and any specific law. They may be required to pay heavy compensation which will be beyond their capacity.

- Min sum insured Rs.50 Lakhs and Max sum insured 5 Crores.

Sum Insured slabs available:

Rs.50 Lacs, 1 Cr, 2 Cr, 3 Cr, 4 Cr, 5 Cr.

Premium rate: 5 Paise per Rs. 100/- sum insured.

For sum insured of Rs.1 Cr Total Premium is Rs. 5900/- (Include Base Premium of Rs. 5000/- Plus GST Rs. 900/-)

What is compulsory deductions?

Ans: A compulsory deductible refers to when you file a claim. The claim is payable by the insurer which is in excess of the compulsory deductible.

Example:

Sum insured of an indemnity policy is Rs.1 Cr.

Compulsory deductible Rs.50,000/-

Claim made of Rs.75,000/-

The insured will bear Rs.50,000/- himself. The insurer will pay remaining amount of Rs.25,000/-

How to claim?

In case of any event likely to give rise to a liability claim as described above, insurance company should be informed immediately.

In case any legal notice or summons is received, it should be sent to the insurance company. The company has the option of arranging the defense of the case.

What will not be paid?

The policy will not pay for claims arising out of contractual liability, intentional non-compliance of any statutory provision, loss of goodwill, slander, fines, penalties, libel, false arrest, defamation, mental injury etc.

For any communication related to claim, please contact:

DIGITAL HUB – 830000, THE NEW INDIA ASSURANCE CO. LTD.

41B, Maker Tower 'E', Cuffe Parade, Mumbai 400 005.

Email – nia.830000@newindia.co.in

Phone: 022-22150330

KEY BENEFITS:

- 1.This policy is meant for professionals to cover liability falling on them as a result of errors and omissions committed by them whilst rendering professional service
- 2.The policy covers all sums which the insured professional becomes legally liable to pay as damages to third party in respect of any error and/or omission on his/her part committed whilst rendering professional service.
- 3.Legal cost and expenses incurred in defense of the case, with the prior consent of the insurance company, are also payable, subject to the overall limit of indemnity selected.
- 4.The policy offers a benefit of Retroactive period on continuous renewal of policy whereby claims reported in subsequent renewal but pertaining to earlier period after first inception of the policy, also become payable.

Disclaimer: The wordings of the claim process have been simplified for the understanding of the members/ Insured. Though we have taken care to ensure that this document explains the scope of coverage under the Policy, if there is any conflict between this document and the Policy, then the provisions of the Policy would prevail over this document. We therefore advise you to read the terms and conditions of the Policy.