

FACT Sheet



500-161 Portage Avenue East
Winnipeg MB R3B 0Y4
Ph: 204-942-8248 Fax: 204-943-7119

Proposed New Minimum Professional Liability Insurance Requirements

The Canadian CA profession's Public Trust Task Force has recommended that uniform minimum professional liability insurance (PLI) requirements be adopted across the country. These proposed changes have been approved, in principle, by all Provincial Institute/Ordre Councils/Bureau.

Background

While professional liability insurance is currently mandatory in all PICAs/Ordre (except Bermuda, which is currently considering it), the amount and type of coverage vary. Most PICAs/Ordre currently require minimum PLI coverage of \$250,000 per member in public practice and minimum PLI coverage of \$1 million for firms with four or more members in public practice.

Many PICAs/Ordre introduced their current minimum PLI limits many years ago. Those levels haven't increased since then, even though the costs of doing business and the number and cost of claims have gone up considerably. Higher minimum PLI limits are being proposed because some PICAs have already adopted higher limits, as have other accounting bodies. As well, many CAs already carry more insurance than is currently required.

Proposed New Minimum Professional Liability Insurance Requirements

The proposed new minimum PLI limits are:

- \$1 million where one member practises public accounting;
- \$1.5 million where two or three members practise public accounting;
- \$2 million where four or more members practise public accounting.

The proposed new minimum limits would apply to all members in public practice, including part-time practitioners and those with small limited practices.

Many members in small, medium and large firms, who already carry coverage at or above the proposed new levels, will be unaffected by the changes. For those members who carry minimum levels of PLI coverage, it is anticipated that base premium costs would increase by no more than \$36 per month. For a relatively small increase in premiums, the new minimum limit quadruples existing coverage in many jurisdictions.

Effective Date

Each PICA/Ordre would determine the effective date of the proposed new PLI limits for all new policies and renewals. Members would continue to be able to purchase insurance from the carrier of their choice.

For More Information

For answers to frequently asked questions and information on the reasons behind the recommended changes, visit www.icam.mb.ca/mediacentre_news.html.