

Queensland Law Society Indemnity Rule 2005

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VERSION 11 NOTE

This version of the Queensland Law Society Indemnity Rule 2005 incorporates amendments made by –

- 1 the Executive Committee of the Council of the Queensland Law Society at its meeting on 25 August 2005, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2005*,
- 2 the Council of the Queensland Law Society by Flying Minute on 23 February 2005, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2006*,
- 3 the Council of the Queensland Law Society at its meeting on 31 March 2006, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 2) 2006*,
- 4 the Council of the Queensland Law Society by Flying Minute on 9 May 2006, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*,
- 5 the Executive Committee of the Council of the Queensland Law Society by Flying Minute on 10 May 2006,
- 6 the Council of the Queensland Law Society by Flying Minute on 18 May 2006, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 4) 2006*,
- 7 the Council of the Queensland Law Society at its meeting on 2 June 2006, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 5) 2006*,
- 8 the Council of the Queensland Law Society by way of Flying Minute on 26 February 2007, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2007*,
- 9 the Council of the Queensland Law Society on 21 June 2007, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*,
- 10 the Council of the Queensland Law Society on 18 June 2008, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*, and
- 11 the Council of the Queensland Law Society on 30 June 2008, as set out in the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*,

to the *Queensland Law Society Indemnity Rule 2005*, as originally adopted by the Council of the Queensland Law Society at its meeting on 26 May 2005.

Queensland Law Society Indemnity Rule 2005

ss 231(2)(l) and 232, *Legal Profession Act 2007*

PART 1 – PRELIMINARY

1 Citation

These rules may be cited as the *Queensland Law Society Indemnity Rule 2005*.

2 Commencement

These rules commence immediately after the *Queensland Law Society (Indemnity) Rule 1987* is repealed or expires.

3 Purpose

These rules are made by the QLS for the purposes of:

- (a) requiring the QLS to take out and keep a Master Policy of professional indemnity insurance for Law Practices with Lexon;
- (b) authorising the QLS to maintain, manage, administer and protect the Law Claims Levy Fund;
- (c) requiring Law Practices to make payments to the Law Claims Levy Fund pursuant to subsection 232(2)(b);
- (d) requiring Law Practices to make payments by way of levy to the Law Claims Levy Fund pursuant to subsections 232(2)(c) and (3) on any insurance policy taken out and kept by the QLS for Law Practices; and
- (e) requiring local legal practitioners holding practising certificates granted or renewed by the QLS to be covered by professional indemnity insurance taken out and kept by the QLS for Law Practices.

4 Interpretation

Unless otherwise provided or where the context requires otherwise, expressions used in these rules have the same meaning as in the Act.

5 Definitions

The dictionary in schedule 1 defines particular words used in these rules.

PART 2 – MASTER POLICY

6 Master Policy

The QLS is required and authorised to take out and keep with Lexon a Master Policy for Law Practices in such form as may be approved by the QLS from time to time ('the Master Policy').

7 Coverage under Master Policy 2008-2011

For the 2008-2011 years, upon:

- (a) payment of the appropriate annual Insurance Levy calculated as provided in rule 10 for the relevant year; and
- (b) receipt of satisfactory evidence that the Principal of the Law Practice has paid all monies owing pursuant to this Rule, the Master Policy and any prior Master Policy (including any prior Certificate of Insurance),

the Law Practice shall be insured under the Master Policy.

PART 3 – REQUIREMENTS FOR THE PROFESSIONAL INDEMNITY INSURANCE SCHEME

8 Application

- (1) Subject to subrule (2), these rules apply to:
 - (a) Incorporated Legal Practices which; and
 - (b) local legal practitioners who engage or intend to engage in legal practice in this jurisdiction as or in the manner of a solicitor.
- (2) These rules do not apply to a local legal practitioner who:
 - (a) solely provides in-house legal services to a corporation that is not an Incorporated Legal Practice; or
 - (b) practises solely as a government legal officer performing government work.

Note:

As to Former Legal Practitioners, see rule 15.

9 Professional indemnity insurance scheme

Subject to rule 16:

- (a) each Principal of a Law Practice conducting legal practice in this jurisdiction is required to be insured in terms of the Master Policy entered into by the QLS with Lexon pursuant to rule 6.

To remove any doubt, where there is more than one Principal of a Law Practice, one Principal, on behalf of all Principals, need only apply to be so insured;
- (b) each Law Practice referred to in subrule 9(a) must pay the annual Insurance Levy calculated as provided in rule 10, or satisfy the QLS that this has been paid, at such time as the QLS requires;
- (c) every other local legal practitioner must satisfy the QLS that all Law Practices by which they are employed are so insured; and
- (d) every local legal practitioner and Incorporated Legal Practice must comply with this Rule and the terms of the relevant Master Policy.

PART 4 – PAYMENT OF INSURANCE LEVY

10 Payment of Insurance Levy

- (1) The payment required for the purposes of this Rule by way of payment to the Fund pursuant to subsections 232(2)(c) and (3) of the Act (referred to as the 'Insurance Levy') for:
 - (a) the 2008-2009 year is to be calculated as set out in schedule 2.
 - (b) the 2009-2010 year is to be calculated as set out in schedule 3.

- (2) For the purposes of determining the Insurance Levy payable for any insurance year or part thereof, the secretary of the QLS may require from a Principal or a Law Practice information, in the form of a statutory declaration or otherwise, concerning, but not limited to, the following matters:
- (a) the number of Principals in the Law Practice;
 - (b) the number of legal practitioners in the Law Practice;
 - (c) the number of articled clerks, supervised trainees and Paralegals;
 - (d) the number of other staff in the Law Practice;
 - (e) the areas of law undertaken by the Law Practice;
 - (f) the estimated Gross Fee Income ('GFI') for the current financial year and forthcoming financial year in each area of law undertaken by, and for the whole of, the Law Practice;
 - (g) the actual GFI of the Law Practice in each area of law undertaken by, and for the whole of, the Law Practice for past financial or calendar years, and
 - (h) the Law Practice's claims history for the last five years which includes:
 - (i) any claims made against a Prior Law Practice; and
 - (ii) any claim payments made or reserves held of any type (including but not limited to defence costs and settlement payments); and
 - (iii) any excesses of any type paid or imposed upon the Law Practice.
- (3) For the purposes of subrule (2):
- (a) staff employed or engaged in the business of the Law Practice for less than 20 hours per week shall be recorded as one half of a staff member;
 - (b) staff employed or engaged in the business of the Law Practice shall include staff employed by the Law Practice and by service entities, companies and trusts associated with any Law Practice; and
 - (c) there is no necessity for the provision of information in respect of staff engaged exclusively at the Law Practice in domestic, cleaning, catering, continuing legal education, library, public relations/marketing and maintenance activities.
- (4) The QLS shall release the information collected pursuant to subrule (2) to Lexon which shall be entitled to use it for insurance purposes.

11 Penalty levy

- (1) A sum equal to twice the amount of any deductible payable pursuant to a Certificate of Insurance is to be paid to Lexon if the claim in respect of which the deductible is payable arises out of:
- (a) a failure to comply with any statutory requirement for notification of a claim or institution of proceedings where that claim or those proceedings are in respect of or include a claim for damages for personal injury;
 - (b) a failure to prosecute any such claim with due diligence;
 - (c) a matter in which the Insured Solicitor acted in relation to the transaction giving rise to the claim for:
 - (i) both vendor and purchaser; or
 - (ii) both lender and borrower,provided that this paragraph does not apply where the Insured Solicitor acted for more than one party only by reason of having acted as unpaid agent of another practitioner for the purposes of effecting settlement of the transaction;

- (d) a failure to endeavour bona fide to comply with the Conveyancing Protocol, where the claim materially arises in respect of circumstances addressed by the Conveyancing Protocol the Insured Solicitor shall bear the onus of demonstrating such compliance.
- (2) Rule 11(1) only applies to Certificates of Insurance up to and including the 2006-2007 insurance year.

Note:

A deterrent excess for subsequent insurance years is dealt with in the relevant Master Policy.

12 Payment of penalty levies

Any amount required to be paid by way of penalty levy pursuant to rule 11 is payable at the time the deductible is due pursuant to the relevant Certificate of Insurance.

13 Interest on outstanding amounts

If an Insured Solicitor or Law Practice fails to make payment in full of any amount payable under this Rule, the Master Policy and any prior Master Policy (including any prior Certificate of Insurance) within 30 days of such amount becoming payable, then interest is to be payable on any amount outstanding from time to time, calculated at 15% per annum simple and payable to the QLS or Lexon as applicable.

PART 5 – DISPUTE RESOLUTION

14 Panel of Senior Solicitors

- (1) The council of the QLS shall appoint a panel of senior solicitors for the purposes of this rule.
- (2) The function of the senior solicitor is to hear and determine disputes arising between:
 - (a) Lexon and the Law Practice in relation to the following aspects of any claim, or circumstance which may give rise to a claim:
 - (i) the conduct of the defence;
 - (ii) the allocation of costs;
 - (iii) the terms of any settlement;
 - (iv) the steps taken or to be taken in mitigation of damages;
 - (v) the claims reserve assessed by Lexon;
 - (vi) a decision on whether a claim should be settled or defended;
 - (vii) any apportionment of the liability for damages between Law Practices;
 - (viii) the application by Lexon of a deterrent excessbut shall not extend to any disputes as to the terms or conditions upon which indemnity has been granted or denied.
 - (b) the QLS and the Law Practice in relation to any penalty levy payable.
- (3) The Law Practice has the right to select a senior solicitor from the panel. If there are two or more Law Practices involved in the claim and they are not able to agree as to which senior solicitor the dispute should be referred to, the president of the QLS will decide to which senior solicitor the dispute will be referred.
- (4) Lexon (or QLS in relation to any penalty levy) and the Law Practice shall make all reasonable efforts to compile a common brief for submission to the senior solicitor and each party may then make separate submissions within a period of 14 days of submission of the brief.

- (5) The costs of the senior solicitor in determining the dispute are to be shared equally by the parties to the dispute.
- (6) In resolving a dispute as to whether a claim should be settled or defended, the senior solicitor is to take into account the following matters:
 - (a) the amount in dispute;
 - (b) the costs of the litigation and any resources required;
 - (c) the Law Practice's prospects of successfully defending the claim;
 - (d) each party's respective liability exposure;
 - (e) whether the continued defence costs are warranted;
 - (f) whether any proposed settlement is reasonable.

In making this determination, the senior solicitor shall be acting as an independent expert and the determination shall be binding upon the parties.

- (7)
 - (a) The referral of a dispute pursuant to this Rule concerning a claims reserve does not stay or abrogate the liability of the Law Practice to pay the Insurance Levy as calculated in accordance with rule 10 upon request by the QLS.
 - (b) In the event the senior solicitor determines a dispute concerning a claims reserve in favour of the Law Practice which would have the effect of reducing the Insurance Levy payable in accordance with rule 10, then any overpayment of the Insurance Levy as originally calculated may be reimbursed out of the Law Claims Levy Fund.
 - (c) A dispute is to be referred by the Law Practice to a senior solicitor within 30 days of the dispute arising or such earlier time, as necessary, to meet the exigencies of the dispute.
 - (d) Failing such referral, the Law Practice will be taken to have accepted the decision of Lexon or the QLS.

PART 6 – FORMER LEGAL PRACTITIONERS

15 Former legal practitioners

- (1) The QLS may make arrangements for Former Legal Practitioners to be insured pursuant to the Master Policy but without payment of the Insurance Levy by the Former Legal Practitioner.
- (2) If any payment is made on behalf of a Former Legal Practitioner pursuant to any Master Policy arranged by the QLS, the Former Legal Practitioner is liable to pay the amount of:
 - (a) an excess of \$5,000; and
 - (b) any penalty levy or deterrent excess (as applicable).

PART 7 – EXEMPTION

16 Exemption

- (1) The following solicitors are exempted from the requirements of rule 9:
 - (a) a member of a National Law Practice who satisfies the QLS that he or she is insured by current approved professional indemnity insurance;
 - (b) an employee of an entity that is a community legal service under the *Personal Injuries Proceedings Act 2002*, section 67A(2), who satisfies the QLS that he or she is covered by current approved professional indemnity insurance;

- (c) an employee of a non-profit entity that is similar to a community legal service which provides free legal services to the community or a section of the community, who satisfies the QLS that he or she is covered by current approved professional indemnity insurance;
 - (d) an employee of a publicly funded, non-profit corporation whose primary purpose is to provide legal services to Aboriginal or Torres Strait Islander people who satisfies the QLS that he or she is covered by current approved professional indemnity insurance;
 - (e) the chief executive officer of Legal Aid Queensland, appointed pursuant to section 64 of the *Legal Aid Queensland Act 1997*, or any other person employed by Legal Aid Queensland who is nominated by the chief executive officer, who holds a limited principal practising certificate and who satisfies the QLS that he or she is covered by current approved professional indemnity insurance.
- (2) In this rule,

approved professional indemnity insurance means insurance:

- (a) on terms and conditions providing insurance comparable to that provided by Lexon; and
- (b) insured by an entity approved by the QLS,

provided that such insurance may be on terms providing for a higher level of excess than would have been required by Lexon if the QLS is satisfied that the Law Practice has sufficient financial capacity to pay such excess.

PART 8 – LAW CLAIMS LEVY FUND

17 Law claims levy fund

- (1)
 - (a) The Fund shall vest in and be the property of the QLS.
 - (b) The QLS may borrow from Lexon for the purpose of raising the capital of the Fund or for any purpose for which the Fund may be used.
- (2) The Fund shall consist of:
 - (a) all monies currently held in the Fund;
 - (b) all Insurance Levies paid from time to time by Law Practices and local legal practitioners in accordance with any Master Policy;
 - (c) any borrowings from Lexon as referred to in sub-rule (1)(b);
 - (d) all such other monies as may be lawfully paid into the Fund;
 - (e) interest which may from time to time accrue upon the proceeds of monies held in or forming part of the Fund; and
 - (f) any investment as mentioned in sub-rule (4) and any returns on those investments.
- (3) The Fund may be used for the following purposes –
 - (a) paying for –
 - (i) the management of claims made against Law Practices;
 - (ii) the investigation, defence, mitigation or settlement of claims made against Law Practices;
 - (iii) the investigation of circumstances that may result in claims against Law Practices;

- (iv) the investigation of and research into the circumstances that give rise to claims and the development and delivery of risk management and early intervention educational programs to address the underlying causes giving rise to such claims; and
- (v) the reimbursement of any monies paid into the Fund by or on behalf of a Law Practice where the QLS determines, in its absolute discretion, the circumstances require.

Examples:

- (a) money paid into the Fund due to a miscalculation of the relevant Insurance Levy;
 - (b) practising certificate or membership fees mistakenly paid into the Fund;
 - (c) a payment mentioned in sub-rule 14(7).
- (vi) the principal and interest on any borrowing made by the QLS pursuant to sub-rule (1)(b) and any liability, expense, tax or duty in connection with such borrowings.
- (b) as security for any borrowings made by the QLS pursuant to sub-rule (1)(b);
 - (c) paying a premium or other amount payable under –
 - (i) the Master Policy (to the extent the council determines not to require payment by the Law Practice); or
 - (ii) any other master policy arranged by the QLS;
 - (d) enabling or facilitating the establishment and maintenance of any insurance facility whose principal purpose is to provide professional indemnity cover for Law Practices and Former Legal Practitioners, including lending or transferring directly or indirectly (with or without consideration) capital to an insurance company whose principal objective is the provision of insurance cover to Law Practices and Former Legal Practitioners;
 - (e) meeting expenses incurred in connection with the provision of professional indemnity insurance and the professional indemnity insurance scheme established under the Act and these rules;
 - (f) paying any amount which is effectively uninsured because of:
 - (i) default on the part of any insurer in meeting its obligations under any master policy arranged by the QLS;
 - (ii) the aggregate limit provided by the Certificate of Insurance or by the corresponding provision of any other Certificate of Insurance issued by the QLS having been exceeded.
- (4) Any monies in the Fund not immediately required for such purposes may be invested by the QLS –
- (a) in securities of or guaranteed by the Government of the Commonwealth or a State;
 - (b) with or on deposit with a bank or in securities of, guaranteed by or accepted by a bank carrying on business under the authority of an Act of the Commonwealth or a State;
 - (c) with an authorised dealer in the short term money market with established lines of credit with the Reserve Bank of Australia as a lender of last resort;
 - (d) in any manner in which trustees are for the time being authorised by law to invest trust funds;
 - (e) in stocks, shares or securities of any corporation listed on an Australian Stock Exchange;

- (f) in units in any trust established by a deed registered by the Australian Securities and Investment Commission or established by QIC Limited (ACN 130 539 123) ;
or
 - (g) the purchase of direct property or listed property trusts or unlisted property trusts.
- (5) The QLS may only make payments from, and transfer the whole or part of the assets of, the Fund for one or more of the purposes mentioned in subrule (3).
 - (6) In administering the Fund, the QLS must take into consideration the relevant present and future needs of Law Practices who are required to maintain professional indemnity insurance.
 - (7) An amount paid under subrule (3) may include all or part of the Law Practices deductible or excess if Lexon certifies that the payment is necessary in order to settle a claim.

SCHEDULE 1 – DICTIONARY

Conveyancing Protocols means the conveyancing protocols, checklists and other protocols published to the Queensland law practices by Lexon from time to time.

Former Legal Practitioner means any local legal practitioner who has ceased by reason of death, retirement or otherwise to practise as a Principal in a Law Practice; but shall not include a Prior Law Practice as defined in the Master Policy. The expression shall include the legal representative of a deceased practitioner.

the Fund means the Law Claims Levy Fund established by rule 8 of the *Queensland Law Society (Indemnity) Amendment Rule (No. 1) 1996* and continued in existence by rule 17.

Gross Fee Income is defined as:

- (a) including all professional fees, remuneration, commission, internal costs and disbursements charged to clients and income of any other kind received by the Law Practice;
- (b) including all income derived directly from any entity other than the Law Practice by any service, administrative or nominee company or trust in so far as the income arises from activities carried out in connection with the practice of a Law Practice;
- (c) excluding the reimbursement of third party disbursements; and
- (d) excluding any applicable goods and services tax.

Incorporated Legal Practice (ILP) means an incorporated legal practice as defined in the *Legal Profession Act 2007*.

Insurance Levy means the payment required by rule 10 for the relevant insurance year.

Insured Solicitor means a practitioner insured by Lexon for the financial years up to and ending on 30 June 2007.

Law Firm means a law firm as defined in the *Legal Profession Act 2007*.

Law Practice means a law practice as defined in the *Legal Profession Act 2007*.

Lexon means Lexon Insurance Pte Ltd (incorporated in Singapore Company Number 200104171C).

Multi-disciplinary Partnership means a multi-disciplinary partnership as defined in the *Legal Profession Act 2007*.

National Law Practice means either:

- (1) a Law Firm:
 - (a) the legal, equity partners of which are not all resident in one State or Territory; and
 - (b) that carries on business from offices situated in more than one State or Territory; and
 - (c) the legal, equity partners of which, wherever resident, are liable jointly with their legal, equity co-partners and severally for all debts and obligations of the Law Firm; or
- (2) a Multi-disciplinary Partnership:
 - (a) the equity, legal practitioner partners of which are not all resident in one State or Territory; and
 - (b) that carries on business from offices situated in more than one State or Territory; and
 - (c) the equity, legal practitioner partners of which, wherever resident, are liable jointly with their equity, legal practitioner co-partners and severally for all debts and obligations of the Multi-disciplinary Partnership; or

- (3) an Incorporated Legal Practice:
 - (a) the legal practitioner directors of which are not all resident in one State or Territory; and
 - (b) that carries on business from offices situated in more than one State or Territory.

Paralegal means a person who is not a solicitor or barrister and who undertakes substantive legal work that requires knowledge of legal concepts and legal procedure.

Principal means a principal as defined in section 7(4) of the *Legal Profession Act 2007*.

Prior Law Practice means:

- (a) generally, a Law Practice ('the First Law Practice') which is a predecessor to a Law Practice (the 'New Law Practice') which New Law Practice:
 - (i) holds itself out as being the successor to the First Law Practice, or as incorporating the First Law Practice, where the holding out:
 - (A) can be express or implied; or
 - (B) is contained in any letterhead, notepaper, business cards, form of electronic communications, publications, promotional material or otherwise, or is contained in any statement or declaration by the New Law Practice to any regulatory or taxation authority; or
 - (ii) employs, or takes on as Principals, all or a majority in number of the Principals of the First Law Practice; or
 - (iii) acquires the majority of the goodwill and/or assets and/or the client files, or assumes the majority of the liabilities of the First Law Practice; or
 - (iv) adopts the same name as the First Law Practice or a name which is similar to or substantially incorporates that name; or
 - (v) carries on the practice of the First Law Practice from its premises; or
 - (vi) employs the majority of legal staff employed or previously employed by the First Law Practice.
- (b) specifically for the purpose of determining the claim value attributed to each Law Practice pursuant to Schedule 2 or 3, where a single discrete claim may fall within the claim value of more than one Law Practice, the claim shall be attributed to the Law Practice which first satisfies in order of priority (a)(i), (a)(ii), (a)(iii), (a)(iv), (a)(v), or (a)(vi).

QLS means the Queensland Law Society Incorporated continued in existence under section 679 of the *Legal Profession Act 2007*.

'resident' means the location of one's usual place of abode during the relevant insurance period.

the Scheme means the insurance arrangements arranged between Lexon and the QLS as set out in the Master Policy.

SCHEDULE 2 – INSURANCE LEVY CALCULATION – 2008-2009

1 Insurance levy

Every Law Practice to which this Rule applies shall pay to the QLS an Insurance Levy to be calculated in accordance with the following provisions. The said levy amounts are to be paid upon request by the QLS.

2 Base levy

2.1 A base levy is payable as set out in Table 1.

Table 1

Band	GFI Start	GFI End	Rate
	\$	\$	\$/Percentage
1	0	25,000.00	3,000
2	25,000.01	50,000.00	2,000
3	50,000.01	500,000.00	1.73%
4	500,000.01	1,000,000.00	1.67%
5	1,000,000.01	2,500,000.00	1.63%
6	2,500,000.01	5,000,000.00	1.61%
7	5,000,000.01	10,000,000.00	1.05%
8	10,000,000.01	20,000,000.00	0.74%
9	20,000,000.01	100,000,000.00	0.60%

2.2 Where the Law Practice's estimated Gross Fee Income ('GFI') for 2007-2008 (or 2008-2009 where applied) (hereinafter the 'Applied GFI') falls within Band 1, the Law Practice's base levy will be \$3,000.00.

2.3 Where the Law Practice's Applied GFI falls within Band 2, the Law Practice's base levy will be \$5,000.00.

2.4 Where the Law Practice's Applied GFI falls within any of Bands 3-9, the Law Practice's base levy is to be calculated by adding each of the levies payable for each of the preceding Bands to the amount calculated by applying the percentile rate to the difference between the Law Practice's Applied GFI and the 'GFI Start' amount for that Band (minus the one cent).

Example 1:

Practice A's Applied GFI is \$200,000.00. The Practice's base levy will be calculated as follows:

$$\$3,000.00 + \$2,000.00 + [1.73\% \times (\$200,000.00 - \$50,000.00)] = \$7,595.00.$$

Example 2:

Practice B's Applied GFI is \$25,000,000.00. The Practice's base levy will be calculated as follows:

$$\begin{aligned} & \$3,000.00 + \$2,000.00 + (\$450,000.00 \times 1.73\%) + (\$500,000.00 \times 1.67\%) + (\$1,500,000.00 \times 1.63\%) + \\ & (\$2,500,000.00 \times 1.61\%) + (\$5,000,000.00 \times 1.05\%) + (\$10,000,000.00 \times 0.74\%) + (\$5,000,000.00 \times 0.60\%) = \\ & \$242,335.00. \end{aligned}$$

2.5 The base levy calculated above will be subject to the adjustments provided for in paragraph 3.

2.6 Where the Law Practice is affiliated or associated with any member services organisation and provides legal services to members either free of charge or at non commercial rates, then the Applied GFI for the purposes of calculating the Law Practice's base levy referable to such work shall be deemed to be three times the combined **pro-rata salaries** of the Principals, employed solicitors, consultants, articled clerks, trainees and Paralegals retained by that Law Practice.

Pro-rate salaries means the percentage of time spent by those individuals in providing such legal services to members multiplied by the combined salaries of those individuals.

Example 1:

If a law practice consisting of a principal, one employed solicitor and one paralegal spent 50% of their time providing free legal services to members of an affiliated member services organisation, and the other 50% of their time was spent providing legal services to non-members at commercial rates, and the combined salaries of those persons was \$200 000, the law practices Applied GFI referable to those legal services provided to members would be calculated as follows:

$$3 \times (50\% \text{ of } \$200\,000) = \$300\,000$$

If the law practice generated \$350 000 GFI from the other legal services provided to non-members, then the total GFI for that law practice would be calculated as follows:

$$\$350\,000 + 3 \times (50\% \text{ of } \$200\,000) = \$650\,000$$

Example 2:

If a law practice (consisting of a principal, one employed solicitor and one paralegal) spent 50% of the principal's time providing free legal services to members of an affiliated member services organisation, and the other 50% of the principal's time (and 100% of the employed solicitor's and paralegal's time) was spent providing legal services to non-members at commercial rates, and the principal's salary was \$110 000, the law practices Applied GFI referable to those legal services provided to members would be calculated as follows:

$$3 \times (50\% \text{ of } \$110\,000) = \$165\,000$$

If the law practice generated \$350 000 GFI from the other legal services provided to non-members, then the total GFI for that law practice would be calculated as follows:

$$\$350\,000 + 3 \times (50\% \text{ of } \$110\,000) = \$515\,000$$

3 Base levy cap

- 3.1 The base levy calculated in accordance with the preceding provisions is to be adjusted in accordance with the following provisions.
- 3.2 There is to be calculated for each Law Practice a 2008-2009 notional insurance levy.

The notional insurance levy is determined by:

- (a) using the estimated number of Principals, employed solicitors, consultants, articulated clerks, trainees and Paralegals as at 1 March 2008 declared pursuant to Rule 10; and
- (b) applying the following levy rates to those individuals:

Principals	\$9,600.00
Employed Solicitors/Consultants	\$1,440.00
Articled Clerks/Trainees and Paralegals	\$720.00

For the purpose of the calculation of the notional insurance levy, the following staff shall be taken into account:

- Staff employed or engaged in the business of the Law Practice for 20 or more hours per week.
- Staff employed or engaged in the business of the Law Practice for less than 20 hours per week shall rate for the purpose of the notional insurance levy as one half of a staff member.
- Staff employed or engaged in the business of the Law Practice shall include staff employed by the Law Practice and by service entities, companies and trusts associated with any Law Practice.
- Domestic, cleaning, catering, continuing legal education, library, public relations/marketing and maintenance staff, (including computer maintenance staff) shall be excluded provided the staff so excluded are engaged exclusively in one or more of the activities described.

Example:

Practice A declares one Principal, one employed solicitor and one Paralegal. The practice's notional insurance levy is calculated as follows:

$$\$9,600.00 + \$1,440.00 + \$720.00 = \$11,760.00$$

- 3.3 Where the base levy calculated in accordance with paragraph 2 above is at least 50% greater than the Law Practice's 2008-2009 notional insurance levy, then the Law Practice's base levy shall be 150% of the Law Practice's 2008-2009 notional insurance levy.

Example:

Practice A has advised that as at 1 March 2008 it will have one Principal, one employed solicitor and one Paralegal. Practice A's Applied GFI is \$1,100,000.00.

Applying paragraph 2 above, Practice A's base levy for 2008-2009 is \$22,765.00. Practice A's 2008-2009 notional insurance levy is \$11,760.00. The difference between the two levies is \$11,005.00. This represents a percentage difference of 93.6%. As a result, Practice A's 2008-2009 base levy will be calculated as follows:

$$150\% \text{ of } \$11,760.00 = \$17,640.00$$

4 Claims loading

- 4.1 A claims loading is payable as set out in Table 2.

Table 2

Loss Ratio	Claims Loading	Loss Ratio cont...	Claims Loading cont...	Loss Ratio cont...	Claims Loading cont...
0%–60.00%	0.00%	120.00–121.99%	44.00%	182.00–183.99%	56.40%
60.01–61.99%	10.00%	122.00–123.99%	44.40%	184.00–185.99%	56.80%
62.00–63.99%	11.50%	124.00–125.99%	44.80%	186.00–187.99%	57.20%
64.00–65.99%	13.00%	126.00–127.99%	45.20%	188.00–189.99%	57.60%
66.00–67.99%	14.50%	128.00–129.99%	45.60%	190.00–191.99%	58.00%
68.00–69.99%	16.00%	130.00–131.99%	46.00%	192.00–193.99%	58.40%
70.00–71.99%	17.50%	132.00–133.99%	46.40%	194.00–195.99%	58.80%
72.00–73.99%	19.00%	134.00–135.99%	46.80%	196.00–197.99%	59.20%
74.00–75.99%	20.50%	136.00–137.99%	47.20%	198.00–199.99%	59.60%
76.00–77.99%	22.00%	138.00–139.99%	47.60%	200.00–209.99%	60.00%
78.00–79.99%	23.50%	140.00–141.99%	48.00%	210.00–219.99%	62.00%
80.00–81.99%	25.00%	142.00–143.99%	48.40%	220.00–229.99%	64.00%
82.00–83.99%	26.50%	144.00–145.99%	48.80%	230.00–239.99%	66.00%
84.00–85.99%	28.00%	146.00–147.99%	49.20%	240.00–249.99%	68.00%
86.00–87.99%	29.50%	148.00–149.99%	49.60%	250.00–259.99%	70.00%
88.00–89.99%	31.00%	150.00–151.99%	50.00%	260.00–269.99%	72.00%
90.00–91.99%	32.50%	152.00–153.99%	50.40%	270.00–279.99%	74.00%
92.00–93.99%	34.00%	154.00–155.99%	50.80%	280.00–289.99%	76.00%
94.00–95.99%	35.50%	156.00–157.99%	51.20%	290.00–299.99%	78.00%
96.00–97.99%	37.00%	158.00–159.99%	51.60%	300.00–309.99%	80.00%
98.00–99.99%	38.50%	160.00–161.99%	52.00%	310.00–319.99%	82.00%
100.00–101.99%	40.00%	162.00–163.99%	52.40%	320.00–329.99%	84.00%
102.00–103.99%	40.40%	164.00–165.99%	52.80%	330.00–339.99%	86.00%
104.00–105.99%	40.80%	166.00–167.99%	53.20%	340.00–349.99%	88.00%
106.00–107.99%	41.20%	168.00–169.99%	53.60%	350.00–359.99%	90.00%
108.00–109.99%	41.60%	170.00–171.99%	54.00%	360.00–369.99%	92.00%
110.00–111.99%	42.00%	172.00–173.99%	54.40%	370.00–379.99%	94.00%
112.00–113.99%	42.40%	174.00–175.99%	54.80%	380.00–389.99%	96.00%
114.00–115.99%	42.80%	176.00–177.99%	55.20%	390.00–399.99%	98.00%
116.00–117.99%	43.20%	178.00–179.99%	55.60%	≥400.00%	100.00%
118.00–119.99%	43.60%	180.00–181.99%	56.00%		

4.2 The loss ratio is calculated as follows:

- (a) determine as at 31 March 2008 a 4 year claim value for each Law Practice, calculated as follows:
- (i) total the monetary value of all claims against the Law Practice (which for the purpose of this calculation shall include any Prior Law Practice) for which indemnity has been granted by Lexon (or its predecessors) within the four years immediately preceding 31 March 2008.
 - (ii) the monetary value of a claim shall include:
 - (A) where the claim has not been finalised, actual monies paid as at 31 March 2008 together with the reserve then held for the claim by Lexon;
 - (B) where the claim has been finalised, the actual amounts paid; and
 - (C) in all cases, the actual or reserved amounts relating to the claiming party's legal costs and disbursements and the legal costs and disbursements of the defence but shall be net of any deductibles or excesses paid by a Law Practice to Lexon and any third party recoveries achieved as at 31 March 2008.

(b) determine as at 31 March 2008 a 4 year levy value for each Law Practice, calculated as follows:

- (i) where the Law Practice (including any Prior Law Practice) was in existence on or before 1 July 2004 – the total of the monetary value (net of GST) of all Insurance Levies paid by the Law Practice (including any Prior Law Practice) for the period 1 July 2004 to 30 June 2008 (but excluding any penalty levies or deterrent excesses); or
- (ii) where the Law Practice (including any Prior Law Practice) was not in existence on or before 1 July 2004 – the four year levy value shall be calculated according to the following formula:

$$\left(\frac{\textit{TotalLevyPaid}}{\textit{Years}} \right) \times 4$$

Where:

- 'TotalLevyPaid' is the total of the monetary value (net of GST) of all Insurance Levies paid by the Law Practice (including any Prior Law Practice) between 1 July 2004 and 30 June 2008 (but excluding any penalty levies or deterrent excesses); and
- 'Years' is the number of years that the Law Practice (including any Prior Law Practice) has paid an Insurance Levy.

- (c) the loss ratio is then determined by dividing the value given in (a) by the value given in (b) expressed as a percentage.
- (d) for the purpose of paragraph 4.2 only, the following claims against Law Practices (which for the purpose of this calculation shall include any Prior Law Practice), for which indemnity has been granted by Lexon (or its predecessors) before 31 March 2007 shall not be included within the calculation:
- (i) where the circumstances giving rise to that claim occurred when none of the Principals of the Law Practice (being the Principals as at 30 June 2007) were Principals of the Law Practice; and

- (ii) none of the Principals of the Law Practice when the circumstances arose remained employed by the Law Practice as at 30 June 2007 in any capacity.

4.3 The loss ratio determined for a Law Practice in paragraph 4.2 will attract a claims loading percentage as set out in Table 2. That percentage shall be multiplied by the base levy payable by the Law Practice calculated pursuant to paragraphs 2 and 3 and the resultant sum shall be payable by the Law Practice as its claims loading.

Example:

Practice A's base levy is \$9,408.00. In addition, its 4 year claim value totals \$40,000.00 and its 4 year levy value is \$33,480.00. As a consequence, its loss ratio (being the 4 year claim value divided by its 4 year levy value) is 119.5%

Applying Table 2, Practice A therefore attracts a 43.6% claims loading which will be applied as follows:

43.6% of \$9,408.00 = \$4,101.89

4.4 The claims loading calculated above will be subject to the adjustments provided for in paragraph 5.

5 Claims loading cap

The claims loading calculated in accordance with the preceding provisions is to be adjusted for the 2008-2009 insurance period such that it is reduced to 80% of its value and it is this sum that will be payable by the Law Practice.

6 Recalculation of the base levy and claims loading

6.1 In the event that the actual GFI of a Law Practice for 2007-2008 (or 2008-2009 where applied) varies by not less than 25% from the Applied GFI used to calculate the base levy pursuant to paragraph 2 and that variance is also not less than \$50,000; or, alternatively, the variance exceeds \$500,000, then:

- (a) the base levy shall be recalculated pursuant to paragraphs 2 and 3 using:
 - (i) the actual GFI for 2007-2008 (or 2008-2009 where applied); and
 - (ii) the estimated number of Principals, employed solicitors, consultants, articled clerks, trainees and Paralegals as at 1 March 2008 declared pursuant to Rule 10;
- (b) if applicable, the claims loading shall be recalculated pursuant to paragraphs 4 and 5, adopting for the purposes of the calculation the base levy recalculated pursuant to (a);
- (c) where the total of (a) and (b) is less than the Insurance Levy paid for 2008-2009 by the Law Practice, the Law Practice shall be entitled to a credit against its Insurance Levy for 2009-2010 for that difference; and
- (d) where the total of (a) and (b) is greater than the Insurance Levy paid by the Law Practice, the Law Practice shall be required to pay the amount of the difference so calculated in addition to, and at the same time as, its Insurance Levy for 2009-2010 or at such other time as demand is made.

6.2 Following the final resolution of a claim (by settlement, judgement or otherwise), if the total amount paid is at least 25% less than the monetary value of the claim calculated pursuant to paragraph 4.2 and the difference between those two amounts is also not less than \$50,000, then:

- (a) the Law Practice shall be entitled to a recalculation, pursuant to paragraphs 4 and 5, of any prior loss ratio within which the claim relevantly fell, adopting for the purposes of the calculation the total amount paid for the claim; and

- (b) if that recalculation results in a reduction in the claims loading that the Law Practice would otherwise have paid in any prior insurance period; the Law Practice shall be entitled to a credit against its Insurance Levy for the next insurance period equal to the difference between the total claims loading actually paid and the amount recalculated pursuant to paragraph 6.2 (a).
- 6.3 For the purposes of paragraph 6.2, the total amount paid includes, but is not limited to, any judgment sum, settlement sum, claiming party's legal costs and disbursements and the legal costs and disbursements of the defence but shall be net of any deductibles or excesses paid by a Law Practice to Lexon and any third party recoveries achieved.

7 New Law Practices entering the Scheme between 1 July 2008 and 30 June 2009

- 7.1 For the purposes of this paragraph, a new Law Practice is one which commences between 1 July 2008 and 30 June 2009 and has no Prior Law Practice within the definition contained within this *Rule*.
- 7.2 Any new Law Practice to which this Rule applies shall pay to the QLS an Insurance Levy to be calculated in accordance with the following provisions. The said levy amounts are to be paid within 14 days of receiving a levy notice from the QLS.
- 7.3 The new Law Practice shall provide an estimate of the GFI for the year ending 30 June 2009 pursuant to Rule 10 and the base levy payable will be calculated as follows:
- (a) The estimate of GFI shall be annualised by multiplying the estimate by 365 and dividing by the number of days remaining until 30 June 2009.
 - (b) The annualised estimated GFI will then form the basis for a calculation of the base levy according to Table 1 of paragraph 2 of Schedule 2.
 - (c) The base levy so calculated will then be subject to the cap formula set out in paragraph 3 of Schedule 2 save that the notional insurance levy shall be determined as at the date the new Law Practice commences.
 - (d) The amount so determined then shall then be prorated in accordance with Table 3 and it is this amount that shall be payable under paragraph 7.2:

Table 3

Commencement date between	% of Total Annual Levy
1 July to 30 September	100%
1 October to 31 December	75%
1 January to 31 March	50%
1 April to 30 June	25%

- 7.4 The base levy determined in accordance with paragraph 7.3 shall be subject to recalculation as provided for in paragraph 6.1, where:
- (a) the references to '2007-2008' shall be deemed to read for the purposes of this paragraph only, '2008-2009';
 - (b) the reference in paragraph 6.1(a)(ii) to '1 March 2008' shall be deemed to read 'the date the new Law Practice commenced' and applying the interpretation in 7.3(c); and
 - (c) the references in paragraphs 6.1(c) and (d) to 'its Insurance Levy for 2009-2010' shall be deemed to read 'its next payable Insurance Levy'.

8 Existing Law Practices entering the Scheme between 1 July 2008 and 30 June 2009

- 8.1 For the purposes of this paragraph, an existing Law Practice is one which was insured elsewhere immediately prior to seeking to enter the Scheme.
- 8.2 Any existing Law Practice to which this Rule applies shall pay to the QLS an Insurance Levy to be calculated in accordance with the following provisions. The said levy amounts are to be paid within 14 days of receiving a levy notice from the QLS.
- 8.3 The existing Law Practice shall provide any information requested by the QLS pursuant to Rule 10 and the base levy payable will be calculated as follows:
- (a) The Law Practice's estimated GFI for 2007-2008 shall be annualised where the Law Practice was in existence for less than the entire 2007-2008 financial year.
 - (b) The annualised estimated GFI for 2007-2008 will then form the basis for a calculation of the base levy according to Table 1 of paragraph 2 of Schedule 2.
 - (c) The base levy so calculated will not be subject to the cap formula set out in paragraph 3 of Schedule 2.
 - (d) The amount so determined shall then be prorated in accordance with Table 4 and it is this amount that shall be payable under paragraph 8.2.

Table 4

Commencement date between	% of Total Annual Levy
1 July to 30 September	100%
1 October to 31 December	75%
1 January to 31 March	50%
1 April to 30 June	25%

- 8.4 The base levy determined in accordance with paragraph 8.3 shall be subject to recalculation as provided for in paragraph 6.1 where, for the purposes of this paragraph only:
- (a) the reference in paragraph 6.1(a) to 'paragraphs 2 and 3' shall be deemed to read 'paragraph 2';
 - (b) paragraph 6.1(a)(ii) shall be deemed not to apply; and
 - (c) the references in paragraphs 6.1(c) and (d) to 'its Insurance Levy for 2009-2010' shall be deemed to read 'its next payable Insurance Levy'.
- 8.5 In addition to the base levy, the existing Law Practice shall pay a claims loading which will be calculated as follows:
- (a) A claims loading is payable as set out in Table 5.

Table 5

Loss Ratio	Claims Loading	Loss Ratio cont...	Claims Loading cont...	Loss Ratio cont...	Claims Loading cont...
0%–60.00%	0.00%	120.00–121.99%	44.00%	182.00–183.99%	56.40%
60.01–61.99%	10.00%	122.00–123.99%	44.40%	184.00–185.99%	56.80%
62.00–63.99%	11.50%	124.00–125.99%	44.80%	186.00–187.99%	57.20%
64.00–65.99%	13.00%	126.00–127.99%	45.20%	188.00–189.99%	57.60%
66.00–67.99%	14.50%	128.00–129.99%	45.60%	190.00–191.99%	58.00%
68.00–69.99%	16.00%	130.00–131.99%	46.00%	192.00–193.99%	58.40%
70.00–71.99%	17.50%	132.00–133.99%	46.40%	194.00–195.99%	58.80%
72.00–73.99%	19.00%	134.00–135.99%	46.80%	196.00–197.99%	59.20%
74.00–75.99%	20.50%	136.00–137.99%	47.20%	198.00–199.99%	59.60%
76.00–77.99%	22.00%	138.00–139.99%	47.60%	200.00–209.99%	60.00%
78.00–79.99%	23.50%	140.00–141.99%	48.00%	210.00–219.99%	62.00%
80.00–81.99%	25.00%	142.00–143.99%	48.40%	220.00–229.99%	64.00%
82.00–83.99%	26.50%	144.00–145.99%	48.80%	230.00–239.99%	66.00%
84.00–85.99%	28.00%	146.00–147.99%	49.20%	240.00–249.99%	68.00%
86.00–87.99%	29.50%	148.00–149.99%	49.60%	250.00–259.99%	70.00%
88.00–89.99%	31.00%	150.00–151.99%	50.00%	260.00–269.99%	72.00%
90.00–91.99%	32.50%	152.00–153.99%	50.40%	270.00–279.99%	74.00%
92.00–93.99%	34.00%	154.00–155.99%	50.80%	280.00–289.99%	76.00%
94.00–95.99%	35.50%	156.00–157.99%	51.20%	290.00–299.99%	78.00%
96.00–97.99%	37.00%	158.00–159.99%	51.60%	300.00–309.99%	80.00%
98.00–99.99%	38.50%	160.00–161.99%	52.00%	310.00–319.99%	82.00%
100.00–101.99%	40.00%	162.00–163.99%	52.40%	320.00–329.99%	84.00%
102.00–103.99%	40.40%	164.00–165.99%	52.80%	330.00–339.99%	86.00%
104.00–105.99%	40.80%	166.00–167.99%	53.20%	340.00–349.99%	88.00%
106.00–107.99%	41.20%	168.00–169.99%	53.60%	350.00–359.99%	90.00%
108.00–109.99%	41.60%	170.00–171.99%	54.00%	360.00–369.99%	92.00%
110.00–111.99%	42.00%	172.00–173.99%	54.40%	370.00–379.99%	94.00%
112.00–113.99%	42.40%	174.00–175.99%	54.80%	380.00–389.99%	96.00%
114.00–115.99%	42.80%	176.00–177.99%	55.20%	390.00–399.99%	98.00%
116.00–117.99%	43.20%	178.00–179.99%	55.60%	≥400.00%	100.00%
118.00–119.99%	43.60%	180.00–181.99%	56.00%		

- (b) The loss ratio is calculated as follows:
- (i) determine as at 31 March 2008 a 4 year claim value for each existing Law Practice, calculated as follows:
 - (A) total the monetary value of all claims against the existing Law Practice (which for the purpose of this calculation shall include any Prior Law Practice) for which indemnity has been granted by any primary layer insurer (or its predecessors) within the four years immediately preceding 31 March 2008.
 - (B) the monetary value of a claim shall include:
 - (aa) where the claim has not been finalised, actual monies paid as at 31 March 2008 together with the reserve then held for the claim by any primary layer insurer;
 - (bb) where the claim has been finalised, the actual amounts paid;
 - and

- (cc) in all cases, the actual or reserved amounts relating to the claiming party's legal costs and disbursements and the legal costs and disbursements of the defence but shall be net of any deductibles or excesses paid by an existing Law Practice to any primary layer insurer and any third party recoveries achieved as at 31 March 2008.
 - (ii) determine as at 1 July 2008 a 4 year deemed levy value for each existing Law Practice, calculated as being 4 times the notional insurance levy calculated according to paragraph 3.2 of Schedule 2 and applying where necessary the interpretation in 8.3(c).
 - (iii) the loss ratio is then determined by dividing the value given in (i) by the value given in (ii) expressed as a percentage.
 - (c) The loss ratio determined for an existing Law Practice in paragraph 8.5 will attract a claims loading percentage as set out in Table 5. That percentage shall be multiplied by the base levy payable in paragraph 8.3 and will, for the 2008-2009 insurance period, be reduced to 80% of its value.
 - (d) The figure calculated pursuant to paragraph 8.5(c) shall be payable by the existing Law Practice as its claims loading.
- 8.6 The claims loading calculated in accordance with paragraph 8.5(c) shall be subject to recalculation as provided for in paragraph 6.2.

9 Amalgamation of Law Practices between 1 July 2008 and 30 June 2009

In the event that one or more Law Practices amalgamate between 1 July 2008 and 30 June 2009, then:

- (a) the amalgamated Law Practice shall be insured in the name of the new entity; and
- (b) there shall be no additional Insurance Levy then payable and the Insurance Levy paid by the constituent Law Practices shall stand as the Insurance Levy for the amalgamated Law Practice.

SCHEDULE 3 – INSURANCE LEVY CALCULATION – 2009-2010

1 Insurance levy

- 1.1 Every Law Practice to which this Rule applies shall pay to the QLS an Insurance Levy to be calculated in accordance with the following provisions. The said levy amounts are to be paid upon request by the QLS.
- 1.2 GST is payable on the Insurance Levy in addition to the amounts specified in the following provisions.

2 Base levy

- 2.1 A base levy is payable as set out in Table 1.

Table 1

Band	GFI Start	GFI End	Rate
	\$	\$	\$/Percentage
1	0	25,000.00	3,000
2	25,000.01	50,000.00	2,000
3	50,000.01	500,000.00	1.78%
4	500,000.01	1,000,000.00	1.72%
5	1,000,000.01	2,500,000.00	1.68%
6	2,500,000.01	5,000,000.00	1.66%
7	5,000,000.01	10,000,000.00	1.08%
8	10,000,000.01	20,000,000.00	0.76%
9	20,000,000.01	100,000,000.00	0.62%

- 2.2 Where the Law Practice's Gross Fee Income ('GFI') for the 2008 calendar year (or the estimate for the 2008-2009 financial year where applied) (hereinafter the 'Applied GFI') falls within Band 1, the Law Practice's base levy will be \$3,000.00.
- 2.3 Where the Law Practice's Applied GFI falls within Band 2, the Law Practice's base levy will be \$5,000.00.
- 2.4 Where the Law Practice's Applied GFI falls within any of Bands 3-9, the Law Practice's base levy is to be calculated by adding each of the levies payable for each of the preceding Bands to the amount calculated by applying the percentile rate to the difference between the Law Practice's Applied GFI and the 'GFI Start' amount for that Band (minus the one cent).

Example 1:

Practice A's Applied GFI is \$200,000.00. The Practice's base levy will be calculated as follows:

$$\$3,000.00 + \$2,000.00 + [1.78\% \times (\$200,000.00 - \$50,000.00)] = \$7,670.00.$$

Example 2:

Practice B's Applied GFI is \$25,000,000.00. The Practice's base levy will be calculated as follows:

$$\begin{aligned} & \$3,000.00 + \$2,000.00 + (\$450,000.00 \times 1.78\%) + (\$500,000.00 \times 1.72\%) + (\$1,500,000.00 \times 1.68\%) + \\ & (\$2,500,000.00 \times 1.66\%) + (\$5,000,000.00 \times 1.08\%) + (\$10,000,000.00 \times 0.76\%) + (\$5,000,000.00 \times 0.62\%) \\ & = \$249,310.00 \end{aligned}$$

- 2.5 For the purposes of this paragraph, the Applied GFI shall:
 - (a) include the GFI of any Prior Law Practice within the relevant period;
 - (b) for Law Practices that commenced practice from 1 January 2008 to 30 June 2008, be calculated by annualising the actual 2008 calendar year GFI by multiplying that actual GFI by 365 and dividing by the number of days from commencement until 31 December 2008; and

(c) for Law Practices that commenced practice from 1 July 2008 to 30 June 2009, be calculated by annualising the estimated 2008-2009 financial year GFI by multiplying the estimate by 365 and dividing by the number of days from commencement until 30 June 2009.

2.6 Where the Law Practice is affiliated with any member services organisation and provides legal services to members either free of charge or at non commercial rates, then the Applied GFI for the purposes of calculating the Law Practice's base levy referable to such work shall be deemed to be three times the combined salaries of the Principals, employed solicitors, consultants, articled clerks, trainees and Paralegals retained by, or who provide services through, that Law Practice.

3 Claims loading

3.1 A claims loading is payable as set out in Table 2.

Table 2

Loss Ratio	Claims Loading	Loss Ratio cont...	Claims Loading cont...	Loss Ratio cont...	Claims Loading cont...
0%–60.00%	0.00%	120.00–121.99%	44.00%	182.00–183.99%	56.40%
60.01–61.99%	10.00%	122.00–123.99%	44.40%	184.00–185.99%	56.80%
62.00–63.99%	11.50%	124.00–125.99%	44.80%	186.00–187.99%	57.20%
64.00–65.99%	13.00%	126.00–127.99%	45.20%	188.00–189.99%	57.60%
66.00–67.99%	14.50%	128.00–129.99%	45.60%	190.00–191.99%	58.00%
68.00–69.99%	16.00%	130.00–131.99%	46.00%	192.00–193.99%	58.40%
70.00–71.99%	17.50%	132.00–133.99%	46.40%	194.00–195.99%	58.80%
72.00–73.99%	19.00%	134.00–135.99%	46.80%	196.00–197.99%	59.20%
74.00–75.99%	20.50%	136.00–137.99%	47.20%	198.00–199.99%	59.60%
76.00–77.99%	22.00%	138.00–139.99%	47.60%	200.00–209.99%	60.00%
78.00–79.99%	23.50%	140.00–141.99%	48.00%	210.00–219.99%	62.00%
80.00–81.99%	25.00%	142.00–143.99%	48.40%	220.00–229.99%	64.00%
82.00–83.99%	26.50%	144.00–145.99%	48.80%	230.00–239.99%	66.00%
84.00–85.99%	28.00%	146.00–147.99%	49.20%	240.00–249.99%	68.00%
86.00–87.99%	29.50%	148.00–149.99%	49.60%	250.00–259.99%	70.00%
88.00–89.99%	31.00%	150.00–151.99%	50.00%	260.00–269.99%	72.00%
90.00–91.99%	32.50%	152.00–153.99%	50.40%	270.00–279.99%	74.00%
92.00–93.99%	34.00%	154.00–155.99%	50.80%	280.00–289.99%	76.00%
94.00–95.99%	35.50%	156.00–157.99%	51.20%	290.00–299.99%	78.00%
96.00–97.99%	37.00%	158.00–159.99%	51.60%	300.00–309.99%	80.00%
98.00–99.99%	38.50%	160.00–161.99%	52.00%	310.00–319.99%	82.00%
100.00–101.99%	40.00%	162.00–163.99%	52.40%	320.00–329.99%	84.00%
102.00–103.99%	40.40%	164.00–165.99%	52.80%	330.00–339.99%	86.00%
104.00–105.99%	40.80%	166.00–167.99%	53.20%	340.00–349.99%	88.00%
106.00–107.99%	41.20%	168.00–169.99%	53.60%	350.00–359.99%	90.00%
108.00–109.99%	41.60%	170.00–171.99%	54.00%	360.00–369.99%	92.00%
110.00–111.99%	42.00%	172.00–173.99%	54.40%	370.00–379.99%	94.00%
112.00–113.99%	42.40%	174.00–175.99%	54.80%	380.00–389.99%	96.00%
114.00–115.99%	42.80%	176.00–177.99%	55.20%	390.00–399.99%	98.00%
116.00–117.99%	43.20%	178.00–179.99%	55.60%	≥400.00%	100.00%
118.00–119.99%	43.60%	180.00–181.99%	56.00%		

3.2 The loss ratio is calculated as follows:

- (a) determine as at 31 March 2009 a 5 year claim value for each Law Practice, calculated as follows:
- (i) total the monetary value of all claims against the Law Practice (which for the purpose of this calculation shall include any Prior Law Practice) for which indemnity has been granted by Lexon (or its predecessors) within the five years immediately preceding 31 March 2009.
 - (ii) the monetary value of a claim shall include:
 - (A) where the claim has not been finalised, actual monies paid as at 31 March 2009 together with the reserve then held for the claim by Lexon;
 - (B) where the claim has been finalised, the actual amounts paid; and
 - (C) in all cases, the actual or reserved amounts relating to the claiming party's legal costs and disbursements and the legal costs and disbursements of the defence but shall be net of any deductibles, excesses or deterrent excesses paid by a Law Practice to Lexon and any third party recoveries received as at 31 March 2009.
- (b) determine as at 31 March 2009 a 5 year levy value for each Law Practice, calculated as follows:
- (i) where the Law Practice (including any Prior Law Practice or, where applicable, the partners of the Law Practice during any relevant year) was insured under QLS Master Policies continuously since 1 July 2004 – the total of the monetary value (net of GST) of all Insurance Levies paid by the Law Practice (including any Prior Law Practice or, where applicable, the partners of the Law Practice during any relevant year) for the period 1 July 2004 to 30 June 2009 (but excluding any penalty levies or deterrent excesses); or
 - (ii) where the Law Practice (including any Prior Law Practice or, where applicable, the partners of the Law Practice during any relevant year) was not insured under QLS Master Policies continuously since 1 July 2004 – the five year levy value shall be calculated according to the following formula:
$$\left(\frac{\textit{TotalLevyPaid}}{\textit{Years}} \right) \times 5$$
- Where:
- 'TotalLevyPaid' is the total of the monetary value (net of GST) of all Insurance Levies paid by the Law Practice (including any Prior Law Practice or, where applicable, the partners of the Law Practice during any relevant year) between 1 July 2004 and 30 June 2009 (but excluding any penalty levies or deterrent excesses); and
 - 'Years' is the number of years that the Law Practice (including any Prior Law Practice) has paid an Insurance Levy.
- (c) the loss ratio is then determined by dividing the value given in (a) by the value given in (b) expressed as a percentage.

- (d) for the purpose of paragraph 3.2 only, the following claims against Law Practices (which for the purpose of this calculation shall include any Prior Law Practice), for which indemnity has been granted by Lexon (or its predecessors) before 31 March 2007 shall not be included within the calculation:
- (i) where the circumstances giving rise to that claim occurred when none of the Principals of the Law Practice (being the Principals as at 30 June 2007) were Principals of the Law Practice; and
 - (ii) none of the Principals of the Law Practice when the circumstances arose remained employed by the Law Practice as at 30 June 2007 in any capacity.

3.3 The loss ratio determined for a Law Practice in paragraph 3.2 will attract a claims loading percentage as set out in Table 2. That percentage shall be multiplied by the base levy payable by the Law Practice calculated pursuant to paragraph 2 and the resultant sum shall be payable by the Law Practice as its claims loading.

Example:

Practice A's base levy is \$9,408.00. In addition, its 5 year claim value totals \$40,000.00 and its 5 year levy value is \$33,480.00. As a consequence, its loss ratio (being the 5 year claim value divided by its 5 year levy value) is 119.5%

Applying Table 2, Practice A therefore attracts a 43.6% claims loading which will be applied as follows:

$43.6\% \text{ of } \$9,408.00 = \$4,101.89$

4 Recalculation of the base levy and claims loading

- 4.1 Where the annualised estimated 2008-2009 financial year GFI was used as a Law Practice's Applied GFI pursuant to paragraph 2, in the event that its actual GFI for the 2008-2009 financial year (when annualised) varies by not less than 25% from that estimate and the variance is also not less than \$50,000.01; or, alternatively, the variance exceeds \$500,000.01, then:
- (a) the base levy shall be recalculated pursuant to paragraph 2 using the actual GFI for the 2008-2009 financial year (on an annualised basis);
 - (b) if applicable, the claims loading shall be recalculated pursuant to paragraph 3, adopting for the purposes of the calculation the base levy recalculated pursuant to (a);
 - (c) where the total of (a) and (b) is less than the Insurance Levy paid for 2009-2010 by the Law Practice, the Law Practice shall be entitled to a credit against its Insurance Levy for 2010-2011 for that difference; and
 - (d) where the total of (a) and (b) is greater than the Insurance Levy paid by the Law Practice, the Law Practice shall be required to pay the amount of the difference so calculated in addition to, and at the same time as, its Insurance Levy for 2010-2011 or at such other time as demand is made.
- 4.2 Following the final resolution of a claim (by settlement, judgement or otherwise), if the total amount paid is at least 25% less than the monetary value of the claim calculated pursuant to paragraph 3.2 and the difference between those two amounts is also not less than \$50,000.01, then:
- (a) the Law Practice shall be entitled to a recalculation of any prior loss ratio within which the claim relevantly fell, adopting for the purposes of the calculation the total amount paid for the claim; and

- (b) if that recalculation results in a reduction in the claims loading that the Law Practice would otherwise have paid in any prior insurance period; the Law Practice shall be entitled to a credit against its Insurance Levy for the next insurance period equal to the difference between the total claims loading actually paid and the amount recalculated pursuant to paragraph 4.2(a).
- 4.3 For the purposes of paragraph 4.2, the total amount paid includes, but is not limited to, any judgment sum, settlement sum, claiming party's legal costs and disbursements and the legal costs and disbursements of the defence but shall be net of any deductibles, excesses or deterrent excesses paid by a Law Practice to Lexon and any third party recoveries received.

5 New Law Practices entering the Scheme from 1 July 2009 to 30 June 2010

- 5.1 For the purposes of this paragraph, a new Law Practice is one which commences from 1 July 2009 to 30 June 2010 and has no Prior Law Practice within the definition contained within this Rule.
- 5.2 Any new Law Practice to which this Rule applies shall pay to the QLS an Insurance Levy to be calculated in accordance with the following provisions. The said levy amounts are to be paid within 14 days of receiving a levy notice from the QLS.
- 5.3 The new Law Practice shall provide an estimate of the GFI from the anticipated commencement date to 30 June 2010 pursuant to Rule 10 and the base levy payable will be calculated as follows:
- (a) The estimate of GFI shall be annualised by multiplying the estimate by 365 and dividing by the number of days remaining until 30 June 2010.
 - (b) The annualised estimated GFI will then form the basis for a calculation of the base levy according to Table 1 of Schedule 3.
 - (c) The amount so determined shall then be prorated in accordance with Table 3 and it is this amount that shall be payable as a base levy under paragraph 5.2.

Table 3

Commencement date between	% of Total Annual Levy
1 July to 30 September	100%
1 October to 31 December	75%
1 January to 31 March	50%
1 April to 30 June	25%

- 5.4 The base levy determined in accordance with paragraph 5.3 shall be subject to recalculation as provided for in paragraph 4.1, where:
- (a) the references to '2008-2009' shall be deemed to read for the purposes of this paragraph only, '2009-2010'; and
 - (b) the references in paragraphs 4.1(c) and (d) to 'its Insurance Levy for 2010-2011' shall be deemed to read 'its next payable Insurance Levy'.

6 Existing Law Practices entering the Scheme from 1 July 2009 to 30 June 2010

- 6.1 For the purposes of this paragraph, an existing Law Practice is one which was insured elsewhere immediately prior to seeking to enter the Scheme.
- 6.2 Any existing Law Practice to which this Rule applies shall pay to the QLS an Insurance Levy to be calculated in accordance with the following provisions. The said levy amounts are to be paid within 14 days of receiving a levy notice from the QLS.

- 6.3 The existing Law Practice shall provide any information requested by the QLS pursuant to Rule 10 and the base levy payable will be calculated as follows:
- (a) In the manner provided for in paragraph 2.
 - (b) The amount so determined shall then be prorated in accordance with Table 4 and it is this amount that shall be payable as a base levy under paragraph 6.2.

Table 4

Commencement date between	% of Total Annual Levy
1 July to 30 September	100%
1 October to 31 December	75%
1 January to 31 March	50%
1 April to 30 June	25%

- 6.4 The base levy determined in accordance with paragraph 6.3 shall, where applicable, be subject to recalculation as provided for in paragraph 4.1, save that the reference in paragraph 4.1(b) to 'paragraph 3' shall be deemed to read, for the purposes of this paragraph only, 'paragraph 6.5'.
- 6.5 In addition to the base levy, the existing Law Practice shall pay a claims loading which will be calculated as follows:
- (a) A claims loading is payable as set out in Table 5.

Table 5

Loss Ratio	Claims Loading	Loss Ratio cont...	Claims Loading cont...	Loss Ratio cont...	Claims Loading cont...
0%–60.00%	0.00%	120.00–121.99%	44.00%	182.00–183.99%	56.40%
60.01–61.99%	10.00%	122.00–123.99%	44.40%	184.00–185.99%	56.80%
62.00–63.99%	11.50%	124.00–125.99%	44.80%	186.00–187.99%	57.20%
64.00–65.99%	13.00%	126.00–127.99%	45.20%	188.00–189.99%	57.60%
66.00–67.99%	14.50%	128.00–129.99%	45.60%	190.00–191.99%	58.00%
68.00–69.99%	16.00%	130.00–131.99%	46.00%	192.00–193.99%	58.40%
70.00–71.99%	17.50%	132.00–133.99%	46.40%	194.00–195.99%	58.80%
72.00–73.99%	19.00%	134.00–135.99%	46.80%	196.00–197.99%	59.20%
74.00–75.99%	20.50%	136.00–137.99%	47.20%	198.00–199.99%	59.60%
76.00–77.99%	22.00%	138.00–139.99%	47.60%	200.00–209.99%	60.00%
78.00–79.99%	23.50%	140.00–141.99%	48.00%	210.00–219.99%	62.00%
80.00–81.99%	25.00%	142.00–143.99%	48.40%	220.00–229.99%	64.00%
82.00–83.99%	26.50%	144.00–145.99%	48.80%	230.00–239.99%	66.00%
84.00–85.99%	28.00%	146.00–147.99%	49.20%	240.00–249.99%	68.00%
86.00–87.99%	29.50%	148.00–149.99%	49.60%	250.00–259.99%	70.00%
88.00–89.99%	31.00%	150.00–151.99%	50.00%	260.00–269.99%	72.00%
90.00–91.99%	32.50%	152.00–153.99%	50.40%	270.00–279.99%	74.00%
92.00–93.99%	34.00%	154.00–155.99%	50.80%	280.00–289.99%	76.00%
94.00–95.99%	35.50%	156.00–157.99%	51.20%	290.00–299.99%	78.00%
96.00–97.99%	37.00%	158.00–159.99%	51.60%	300.00–309.99%	80.00%
98.00–99.99%	38.50%	160.00–161.99%	52.00%	310.00–319.99%	82.00%
100.00–101.99%	40.00%	162.00–163.99%	52.40%	320.00–329.99%	84.00%
102.00–103.99%	40.40%	164.00–165.99%	52.80%	330.00–339.99%	86.00%
104.00–105.99%	40.80%	166.00–167.99%	53.20%	340.00–349.99%	88.00%
106.00–107.99%	41.20%	168.00–169.99%	53.60%	350.00–359.99%	90.00%
108.00–109.99%	41.60%	170.00–171.99%	54.00%	360.00–369.99%	92.00%
110.00–111.99%	42.00%	172.00–173.99%	54.40%	370.00–379.99%	94.00%
112.00–113.99%	42.40%	174.00–175.99%	54.80%	380.00–389.99%	96.00%
114.00–115.99%	42.80%	176.00–177.99%	55.20%	390.00–399.99%	98.00%
116.00–117.99%	43.20%	178.00–179.99%	55.60%	≥400.00%	100.00%
118.00–119.99%	43.60%	180.00–181.99%	56.00%		

- (b) The loss ratio is calculated as follows:
- (i) determine as at 31 March 2009 a 5 year claim value for each existing Law Practice, calculated as follows:
 - (A) total the monetary value of all claims against the existing Law Practice (which for the purpose of this calculation shall include any Prior Law Practice) for which indemnity has been granted by any primary layer insurer within the five years immediately preceding 31 March 2009.
 - (B) the monetary value of a claim shall include:
 - (aa) where the claim has not been finalised, actual monies paid as at 31 March 2009 together with the reserve then held for the claim by any primary layer insurer;
 - (bb) where the claim has been finalised, the actual amounts paid;
 - and

- (cc) in all cases, the actual or reserved amounts relating to the claiming party's legal costs and disbursements and the legal costs and disbursements of the defence but shall be net of any deductibles, excesses or deterrent excesses paid by an existing Law Practice to any primary layer insurer and any third party recoveries received as at 31 March 2009.
 - (ii) determine as at 1 July 2009 a 5 year deemed levy value for each existing Law Practice, which shall be calculated as being five times the base levy calculated pursuant to paragraph 6.3; save for where an existing Law Practice has been insured under a QLS Master Policy during the five years prior to 1 July 2009 in which case:
 - (A) for those years the existing Law Practice was insured under a QLS Master Policy the actual levies paid shall be used; and
 - (B) for all other of the 5 years, the base levy calculated pursuant to paragraph 6.3 shall be used.
 - (iii) the loss ratio is then determined by dividing the value given in (i) by the value given in (ii) expressed as a percentage.
 - (c) The loss ratio determined for an existing Law Practice in paragraph 6.5 will attract a claims loading percentage as set out in Table 5. That percentage shall be multiplied by the base levy payable in paragraph 6.3.
 - (d) The figure calculated pursuant to paragraph 6.5(c) shall be payable by the existing Law Practice as its claims loading.
- 6.6 The claims loading calculated in accordance with paragraph 6.5 shall be subject to recalculation as provided for in paragraph 4.2, save that the reference therein to 'paragraph 3.2' shall be deemed to read, for the purposes of this paragraph only, 'paragraph 6.5'.
- 6.7 The amounts calculated pursuant to paragraphs 6.3 and 6.5 shall be increased by an additional levy which will be known as a capital contribution levy which is calculated as follows:
- (a) determine the total QLS levy collection amount for each year the existing Law Practice has not been insured under a QLS Master Policy, up to a maximum of three insurance periods pre dating the current entry into the Scheme;
 - (b) determine that percentage of each relevant year's total QLS levy collection amount which represents capital accumulation over and above a break even position for the Scheme; and
 - (c) apply the percentage(s) determined in paragraph 6.7(b) cumulatively to the total of the amounts calculated pursuant to paragraphs 6.3 and 6.5, and this amount shall stand as the capital contribution levy.

7 Amalgamation of Law Practices which occur from 1 July 2009 to 30 June 2010

- 7.1 In the event that one or more Law Practices amalgamate during the period from 1 July 2009 to 30 June 2010, then:
- (a) the amalgamated Law Practice shall be insured in the name of the new entity; and
 - (b) there shall be no additional Insurance Levy then payable and the Insurance Levy paid by the constituent Law Practices shall stand as the Insurance Levy for the amalgamated Law Practice.

ENDNOTES

History

- 1 The *Queensland Law Society Indemnity Rule* was originally made by the Council of the Queensland Law Society at its meeting on 26 May 2005.
- 2 It was amended by the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2005* which was approved by the Executive Committee of the Council of the Queensland Law Society at its meeting on 25 August 2005.
- 3 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2006* which was approved by the Council of the Queensland Law Society by Flying Minute on 23 February 2006.
- 4 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 2) 2006* which was approved by the Council of the Queensland Law Society at its meeting of 31 March 2006.
- 5 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* which was approved by the Council of the Queensland Law Society by Flying Minute on 9 May 2006.
- 6 It was further amended by the Flying Minute of the Executive Committee of the Council of the Queensland Law Society on 10 May 2006.
- 7 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 4) 2006* which was approved by the Council of the Queensland Law Society by Flying Minute on 18 May 2006.
- 8 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 5) 2006* which was approved by the Council of the Queensland Law Society at its meeting of 2 June 2006.
- 9 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2007* which was approved by the Council of the Queensland Law Society by way of Flying Minute on 26 February 2007.
- 10 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007* which was approved by the Council of the Queensland Law Society on 21 June 2007.
- 11 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008* which was approved by the Council of the Queensland Law Society on 18 June 2008.
- 12 It was further amended by the *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009* which was approved by the Council of the Queensland Law Society on 30 June 2009.

List of Annotations

Queensland Law Society Indemnity Rule 2005

Subheading to Title of Rule amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2005*.

Subheading to Title of Rule amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

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Amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Purpose

Rule 3 amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Replaced by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Replaced by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Rule 3(d) amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Interpretation

Amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Master policy

Rule 6 – amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

– amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

– amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Rule 7 – amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

– replaced by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

– amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

– amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Rule 7A – inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

– omitted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Heading to Part 3

Heading to Part 3 amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Application

Rule 8 replaced by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Rule 8 – amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Rule 8(1) – amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Professional indemnity insurance required

Rule 9(1)(b)(ii) amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2006*.

Rule 9(1)(c)(i) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 9(1)(c)(iii) deleted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 9(1)(d) inserted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 9(1)(d) renumbered as r9(1)(e) by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 9(2) deleted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 9 replaced by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Rule 9 amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Rule 9(b) – amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Rule 9(c) – amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Insurance Levy

Rule 10 heading amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 10(1) renumbered by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2006*.

Rule 10(1) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 10(1) amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Rule 10(1) amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Rule 10(2) inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2006*.

Rule 10(2) renumbered by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 10(2) amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Rule 10(2) deleted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Rule 10(3) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 10(3)(c) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 10(3)(g) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 10(3) was deleted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2007* and a new rule 10(3) inserted.
Rule 10(3) amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Rule 10(3)(f) & (g) deleted and replaced with rule 10(3)(f), (g) & (h) by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Rule 10(4) was inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2007*.
Rule 10(5) inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Subrules 10(3),(4) and (5) re-numbered as subrules (2), (3) and (4) respectively by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Subrules 10(1),(2), (3) and (4) – amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Claims paid loading

Rule 11 renumbered by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 11(1) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 11(2) inserted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 11(2) amended by *Queensland Law Society Indemnity Amendment Rule (No. 4) 2006*.
Final paragraph of r11 renumbered as r11(3) by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 11(3) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 11 amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007* and moved to paragraph 7 of the Schedule 2.

Penalty levy

Rule 12 amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 12(d) inserted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 12 was re-number to rule 11 and was amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Rule 11, as re-numbered, was amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Payment of Penalty levies

Rule 13 was re-number to rule 12 and was amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Interest on outstanding amounts

Rule 14 was re-number to rule 13 and was amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Rule 13, as re-numbered, was amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Default by Insured Solicitor

Rule 15 deleted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 15(6) was amended by *Queensland Law Society Indemnity Amendment Rule (No. 5) 2006*.

Heading to part 5 – claims committee

Heading to Part 5 amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 16 amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* and renumbered as r15.
Rule 15(5) amended by resolution of Executive Committee of Council on 10 May 2006.
Rule 15 was re-number to rule 14 and was amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Panel of Senior Solicitors

Rule 14(2)(a) amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Rule 14(7) amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Former practitioners

Rule 17 amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* and renumbered as r16.
Rule 16 was re-number to rule 15 and was amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Rule 15 was amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Exemption

Rule 18(1) renumbered by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2006*.
Rule 18(1)(e), r18(1)(f), r18(1)(g) inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2006*.
Rules 18(1)(b) and r18(1)(h) deleted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Rule 18(1)(c) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* and renumber as r18(1)(b).
Rule 18(1)(d) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* and renumber as r18(1)(c).
Rule 18(1)(e) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* and renumber as r18(1)(d).
Rule 18(1)(f) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* and renumber as r18(1)(e).
Rule 18(1)(g) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* and renumber as r18(1)(f).
Rule 18 renumbered by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* as r17.
Rule 17 was re-number to rule 16 and was amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Rule 16(1)(b) was amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Rule 16(1)(c) was inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008* and subrules 16(1)(c) and (d) renumbered as 16(1)(d) and (e).
Rule 16(2) was amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Subrules 16(1)(a), (b) and (e) – amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Law claims levy fund

Rule 19(2)(b) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 19(2)(c) deleted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 19(2)(d) renumbered by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* as r19(2)(c).
Rule 19(2)(e) renumbered by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* as r19(2)(d).
Rule 19(7) amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Rule 19 renumbered by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006* as r18.
Rule 18 was re-number to rule 17 and was amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Rule 17 was amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Subrule 17(3)(a)(v), Example (b) – amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.
Subrule 17(4)(f) – amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Schedule 1 – dictionary

Amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2006*.
Amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2006*.
Definition of 'Certificate of Insurance' amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'Certificate of Insurance' omitted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Definition of 'Conveyancing Protocol' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Definition of 'Conveyancing Protocol' amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'Conveyancing Protocol' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Definition of 'the Claims Manager' amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Definition of 'the Claims Manager' deleted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'former practitioner' amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Definition of 'former practitioner' amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'former practitioner' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Definition of 'Gross Fee Income' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'incorporated legal practice' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'Incorporated Legal Practice' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Definition of 'Incorporated Legal Practice' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.
Definition of 'Insurance levy' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'insured solicitor' amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.
Definition of 'insured solicitor' amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'Insured Solicitor' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Definition of 'Insured Solicitor' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.
Definition of 'Law Firm' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.
Definition of 'law practice' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'Legal Services Commissioner' deleted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'Lexon' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.
Definition of 'Master Policy' deleted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.
Definition of 'multi-disciplinary partnership' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Definition of 'Multi-disciplinary Partnership' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Definition of 'Multi-disciplinary Partnership' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Definition of 'National Firm' amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Definition of 'National Incorporated Legal Practice' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Definition of 'National Incorporated Legal Practice' amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Definition of 'National Incorporated Legal Practice' omitted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Definition of 'National Law Practice' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Definition of 'Paralegal' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Definition of 'Principal' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Definition of 'Prior practice' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Definition of 'Prior Law Practice' amended by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Definition of 'QLS' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Definition of 'the Fund' amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Definition of 'the Fund' amended by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Definition of 'the Insurer' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Definition of 'the Insurer' deleted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Definition of 'resident' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Schedule 2 – Master Policy

Schedule 2 – Master Policy – deleted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Schedule 2 – 'Insurance Levy Calculation – 2006-2007' deleted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

Schedule 2 – 'Insurance Levy Calculation – 2007-2008' deleted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Schedule 3 – premium calculation

Heading of sch 3 amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Heading of cl 1 amended by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Schedule 3 – 'Insurance Levy Calculation – 2005-2006' – deleted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

New Schedule 3 – 'Insurance Levy Calculation – 2007-2008' – inserted by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.

Schedule 3 – 'Insurance Levy Calculation – 2007-2008' moved to Schedule 2 by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

New Schedule 3 – 'Insurance Levy Calculation – 2008-2009' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2008*.

New Schedule 3 – 'Insurance Levy Calculation – 2009-2010' inserted by *Queensland Law Society Indemnity Amendment Rule (No. 1) 2009*.

Schedule 4 – Insurance Levy calculation – 2006-2007

Schedule 4 inserted by *Queensland Law Society Indemnity Amendment Rule (No. 3) 2006*.

Paragraph 3 of sch 4 was amended by *Queensland Law Society Indemnity Amendment Rule (No. 4) 2006*.

Paragraph 6 of sch 4 was amended by *Queensland Law Society Indemnity Amendment Rule (No. 5) 2006*.

Schedule 4 – 'Insurance Levy Calculation – 2006-2007' – re-numbered as Schedule 2 by *Queensland Law Society Indemnity Amendment Rule (No. 2) 2007*.