

Page 1:

Munich Reinsurance Company of Africa Limited

MRoA - Nairobi

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UAP PROVINCIAL. PROFESSIONAL INDEMNITY GUIDELINES

We refer to U A Ps recent enquiries and have pleasure in attaching the revised guides for their treaty arrangement. Trust the attached is of assistance.

Page 2:

Munich Reinsurance Company of Africa Limited

PROFESSIONAL INDEMNITY

Underwriting Guidelines

a. Professions to be underwritten

1. Auditors/Accountants/Tax-Advisors/Actuaries.
2. Advocates/Notaries Attorneys.
3. Estate Agents/Valuers/Property Consultants.
4. Architects.
5. Civil and Construction Engineers.
6. Quantity Surveyors/Land Surveyors
7. Physicians/Surgeons/Veterinary Surgeons/Hospitals.

b. Exclusions

1. Directors and Officers Liability.
2. Insurance and/or Reinsurance Brokers.
3. Investment Advisors.
4. Computer Bureaus/Consultants.
5. Advertising Agents.
6. Shipping and Forwarding Custom Agents.
7. Foreign activities of Multi-National Accountants.
8. Project Managers. Any contract where the insured acts as a contractor whether in conjunction with his profession or not to be excluded.
9. Plastic Surgery and Blood Banks
10. F & O in respect of Hospital Administrators.
11. Medical and Biological Research Facilities
12. Genetic damage connected with X-ray and other radiation equipment

c. Conditions

1. Basis of rating see attached Rating Schedule.
 2. All policies to be issued on a "claims made" basis. Existing policies issued on an "Act Committed" basis (claims discovery period six months after expiry in case of non-renewal) shall in principle be renewed on a "Claims Made" basis. Special Consideration to be applied as to limitation of retroactive cover. Policy period to be one year.
 3. Local Jurisdiction Clause to be applied in each case
 4. Policies to be written on an individual basis only.
 5. Cost and expenses inclusive of limit of indemnity
 6. All policies to be underwritten with an annual aggregate limit being identical to the limit of indemnity
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Munich Reinsurance Company of Africa Limited

7. In respect of Architects, Engineers and Surveyors, policies are to be written preferably on a project basis.
8. If a policy is transformed from occurrence to claims made, no retroactive cover may be granted.
9. For individual coverage of non-employed physicians cautious risk assessment is advisable.
10. Special considerations (decline/loading/other suitable measure decisions on requested extensions) have to be given to cases which disclose.
 - o a claims history (conclusions as to doubtful qualifications),
 - o doubtful qualifications (in principle to decline),
 - o limited experience (i.e. applicants not established in Private practice for more than three years,
 - o understaffed practice/ partners not sufficiently available or excessively engaged to exercise adequate control over Practice),
 - o activity in specialised fields without respectively qualified staff
 - o Carrying on a practice from more than one address without qualified man in charge of each office,
 - o dealing with internationally operating insured.
11. If retroactive cover/run off cover/discovery period extension is requested, special attention and information is necessary as regards activity prior to insurance period/background for the request.
12. Premium loading are necessary if insured is engaged in specialised fields, i.e. architect deals in particular with hospital, industrial buildings, bridges (predominantly individual planning required), advocates receiving more than 50% of his fees from real estate conveyancing

Munich Reinsurance Company of Africa Limited

RATING GUIDE FOR PROFESSIONAL INDEMNITY

A. PRINCIPALS/PARTNERS/STAFF (per person)

- i) Principals/Partners: KSH 3600.00
- ii) Qualified Assistants KSH 3000.00
- iii) Unqualified Assistants KSH 2000.00
- iv) All other staff (other than Kitchen staff and messengers) KSH 1000.00

PLUS:

- v) In addition to the above a rate applied to the annual fee is calculated as follows:

Fees up to KSH 1,000,000 = 1.50% - 1.05%
Between 1,000,000 - 2,000,000 = 1.05% - 0.75%
Between 2,000,000 - 5,000,000 = 0.75% - 0.45%
Between 5,000,000 - 10,000,000 = 0.45% - 0.35%
Between 10,000,000 - 20,000,000 = 0.35% - 0.225%
Between 20,000,000 - 50,000,000 = 0.225% - 0.125%

B. INCREASED LIMIT OF INDEMNITY LOADING

KSH 1,000,000 = 100%
KSH 2,500,000 = 150%
KSH 5,000,000 = 190%
KSH 10,000,000 = 230%
KSH 20,000,000 = 275%
KSH 40,000,000 = 325%
KSH 60,000,000 = 365%

Add the points of A and B To obtain the basic premium. Please note that the limits of indemnity must always have some relation to the

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C. CATEGORY OF PROFESSION

100% of premium of B:

- Opticians/chemists
- Accountants/Auditor
- Attorneys

135% of premium of B:

- Architects/Civil Engineers
- Quantity Surveyors

175% of premium of B:

- Dentists
- Doctors/Surgeons

NB: Kindly refer to the rating guidelines for the occupations that are excluded.

D. EXCESS 1% of Limit of Indemnity (minimum KSH 12,000).

Discounts for increased excess:

- 2% = 20% discount
- 3% = 25% discount
- 4% = 33% discount

E. RETROACTIVE COVER

- 12 Months 40% of annual premium
- 24 Months 65% of annual premium

F. EXTENSIONS

- Loss of Documents - 10% Max LOI @ surcharge of 10%
- Dishonesty of Employees - 15% Max LOI @ surcharge of 10%
- Incoming/outgoing Partners - 10% Max LOI @ surcharge of 10%
- Breach of Authority - 7.5% Max LOI @ surcharge of 10%
- Libel & Slander - 10% Max LOI @ surcharge of 10%

These should only be granted if you feel the insured qualifies for such extensions and the claims experience is in order.