

# RMQ

Risk Management Quarterly

<http://www.myPII.com.my>

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## Editorial

The PII Committee is pleased to present the Risk Management Quarterly, now in its third volume, in a renewed format. In our very first issue for 2007, we have an article on cash flow management – a vital aspect of any successful legal practice; an “A – Z of Risk Management” guide; and a PII awareness feature: a Claims Notification Flowchart for 2007.

In Feb 2006, the PII Committee together with our broker, Jardine Lloyd Thompson Sdn Bhd, conceptualised a 3-year plan for the Malaysian Bar’s PII Scheme. The objective of this 3-year plan was to set the foundation for our PII Scheme to evolve into a Self-Insurance Fund that

- (i) Has fairer rating parameters for all members;
- (ii) Ensures the public’s interests remain protected via a wider policy cover;
- (iii) Has access to its claims history, data and statistics, to enable application and utilisation of that information effectively; and
- (iv) Has an extensive risk management programme in place.

Improvements to the Scheme thus far is the establishment of a Third Party Claims Administrator in 2006 to take over from the loss adjusters; they have since taken over all files (dating back to 2001) from Crawford Loss Adjusters. We have also held road shows and established our very own PII & RM Department with a full time Risk Manager and 2 Executive Officers.

We are proposing to hold an open tender for new brokers (PII Scheme 2008) in April 2007. Brokers must meet prerequisite criteria and the service level set by the Bar Council (the Bar Council will set down the minimum criteria to be met). The appointed broker will be obliged to sign a service level agreement that will outline the Bar/ Broker relationship and services the Broker is to provide.

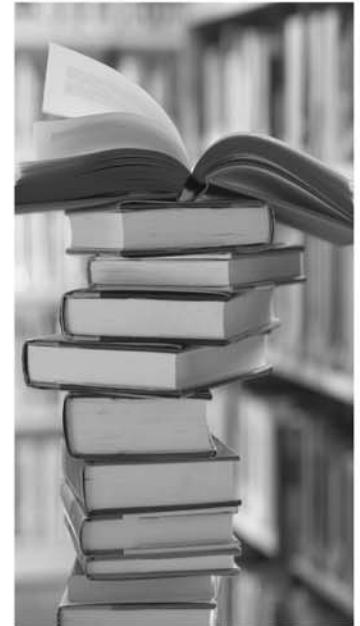
As for our Risk Management Programme, we will be continuing various successful endeavours from 2006, one of which was the Legal Practice Review Project. In the last quarter of 2006, the PII & RM Department completed legal practice reviews (legal audit) of 21 legal practices in Peninsular Malaysia, of which the report was made available in our RMQ Dec 2006, and is now also available at [www.myPII.com.my](http://www.myPII.com.my). In 2007, the PII & RM Department aims to visit 30 firms. Firms that are interested to know more, do contact the PII & RM Department.

Our Practice Area Checklists project was launched in Dec 2006 and has been well received. New checklists and any updates on the existing checklists will be developed inline with feedback and comments received from members.

2007 will also mark the launching of the PII & RM Department’s first brochure, targeted for publication in the middle of 2007. Ongoing projects are the risk management calendar and annual survey.

Do lookout for our various projects in 2007, each issue of the RMQ will have a calendar of events to keep members updated. Your feedback and comments on our projects are always welcomed.

Ragunath Kesavan  
Chairman  
PII Committee



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# How am I Doing? Cash Flow Planning/Statements

by Dan Pinnington and Dave Bilinsky

This article is an excerpt from the booklet: “Managing the Finances of Your Practice”, by Dan Pinnington and Dave Bilinsky, published by the Lawyers’ Professional Indemnity Company (LAWPRO®), 2003 (pp.28 – 31). This booklet is available online @ [www.practicepro.ca/financesbooklet](http://www.practicepro.ca/financesbooklet)

**How** do you assess how you are really doing? The key is cash flow management: You must understand what monies are coming into your practice, and where money is flowing out.

Each month, you should review the following ten reports from your accounting system:

**1 Overall And Projected Monthly Billings.** What are your overall monthly billings, measured against your projected billings? This tells you if your gross income is meeting projections. Related to this figure is the percentage of collected monthly billings that should be a lawyer’s income. According to Cotterman, this amount should be 55 to 60 percent (Cotterman, James D., Capitalization, Debt and Taxes, Report to Legal Management, June 2000).

**2 Projected Billings Versus Cash Flow.** Review collected billings measured against your budgeted cash flow needs for the month. This tells you if you are in a projected positive or negative cash balance for the month. Studies have indicated that you will have approximately a 105 day ‘lag’ between the date you incur an expense and the day you collect that expense from your client (Cotterman, Ibid). Accordingly, it is important to keep a handle on your potential cash deficit.

**3 Actual Versus Budgeted Costs.** What are your actual costs as compared to your budget? This tells you if you are managing to run your office within the financial constraints that you anticipated. If your

costs are high as compared to your budgeted amounts, you will be required to cut other costs to compensate, or increase your collected billings. To be on the safe side, look at cutting your costs first before trying to increase your income, as cost cuts take effect immediately, but income is subject to the collection ‘lag’.

**4 What is Your WIP?** Is your work in progress increasing or decreasing? If it is increasing, is it due to time being put into contingency files that have the potential of paying off at some point in the future?

Or is it building, as you have not been billing as regularly as you should? On files that can be billed monthly, you are doing yourself a disservice (and potentially digging yourself into a financial hole) if you fail to bill for the work done. WIP over 180 days/ Total WIP = 20 to 40 percent (Cotterman, Ibid).

**5 What are Your Unbilled Disbursements?** They represent credit that you have extended to your clients, and therefore capital that is unavailable for you to operate your practice. If at all

possible, bill these out to recapture the necessary operating cash for your office. Disbursements can be one of the biggest components of total firm debt. Total debt/net fixed assets = 50 to 80 percent (Cotterman, Ibid).

**6 What are Your Receivables?** Are they increasing or decreasing? What percentage are they of your annual billings? Fifteen percent is high—five percent is within the range of acceptability. Uncollectable accounts represent holes in the bottom of the financial boat—that will sink the ship if not plugged.

“On files that can be billed monthly, you are doing yourself a disservice (and potentially digging yourself into a financial hole) if you fail to bill for the work done.”

If you do have an unpaid account—do something about it—quickly. Make early attempts at collection and determine whether or not further time and energy are warranted. Recall that attempting to collect an unpaid account against an unhappy client oftentimes leads to professional conduct complaints and malpractice claims—both of which can be emotionally and financially draining as well as PR nightmares. By acting quickly and decisively and staying within your written client credit policy you can minimize your exposure to bad debts.

**7 What is Your Realization Rate?** The realization rate is the percentage of actual income paid to the firm from the billable hours of each timekeeper. For example, Partner X bills 200 hours per month at \$200 per hour for a total amount billed of \$40,000. Of that amount, 10 hours are written down (taken off the books) for various reasons, and clients pay a total of \$30,000. Partner X's realization rate is 75%. Partner Z bills 150 hours at \$200 per month, but she has no "write downs", and her clients pay 95% of that for a total of \$28,500.

Although Partner X bills more hours, because of the low realization rate, Partner Z with far fewer hours billed is generating almost as much income for the firm. Your computer-based time and billing program should be able to create this report for you. Examine the results and use it to help guide any discussion of compensation for partners and associates. A low realization rate indicates that a lawyer is using resources of the firm inefficiently—which is usually a sign of poor client or file selection. Realization rates should be no lower than approximately 90 to 95 percent (Cotterman, *Ibid*).

**8 What are Your Unbilled Fees and Disbursements by Lawyer, Client and Area of Law?** Although some may not like it, firms should look at unbilled fees and disbursements aggregated separately by lawyer, client and area of law. Look for trouble-spots in these categories, and take steps to correct them as soon as possible.

**9 What are Your Daily Lawyer Time Summaries?** Daily time summaries by lawyer are also important. To make this analysis accurate, all lawyers should be accounting for all their time—billable, firm administration or management, education, pro bono, vacation etc. Look for aberrations or time summaries that don't make sense or indicate poor time management or failure to meet minimum billable time requirements.

A quick way to determine how many hours you should be billing is as follows: Take your desired annual income, say \$150,000. Collected billings should be approximately twice this figure—\$300,000. Factor in bad debt at 10 percent. That indicates that you should be billing approximately \$330,000 per year. There are approximately 231 working days/year (365 minus: 21 days vacation, 104 weekend days, 9 statutory holidays). This indicates that you must bill approximately \$1,400/day (\$330,000/231). If you bill at \$250/hour, this indicates that you must log 5.6 billable hours/day—every day.

**10 What are Your Client Trust Account Balances?** Review the trust account balances for every client. Are there funds in trust that can be applied against unbilled time or disbursements? Are there clients/files that are approaching the exhaustion of their retainers or funds in trust? Do you need to write to these clients and warn them that they need to bring in further funds?

These are just a sample of the financial reports that can be generated by most computerized accounting systems. It is important to understand the role that each one can play in the running of your practice and how they can indicate small problem areas before they get to be big problems.

# Employee Embezzlement: Is Your Firm @ Risk?

## DO YOU

1. Request for status reports periodically from your accounts staff?  
*\* Status reports would include, inter alia, overdue invoice reports, cash journal, profit/loss report, variance report, etc.*
2. Request for status reports periodically from staff who are overseeing files?  
*\* Status reports may be daily/weekly/monthly, depending on the firm's size.*
3. Maintain strict segregation of duties for staff?  
*\* For example, issuance of receipts must NOT be by the same staff receiving payment.*
4. Pre-sign blank cheques?  
*\* Pre-signing blank cheques is very dangerous and should be forbidden in any law firm!*
5. Cross-check payment of cheques against the relevant file?  
*\* This is to ensure that all cheques are for genuine reasons!*
6. Monitor frequency of requests for cheque books and cheques issued?

## DOES YOUR FIRM HAVE A POLICY OF

7. Issuing receipts for all payments received from clients?  
*\* Recommend that receipts are signed by the lawyer in charge.*
8. Reconciling receipts with bank statements at least once a month?  
*\* Monitor the number of bank accounts the firm maintains (especially firms with branches).*  
*\* Ensure that these branches instruct their Banks to direct a copy of their bank statements to the principal firm too (see provision on "Claims Involving Misconduct" in your Certificate of Insurance).*
9. "Two to sign"? (if you are in a partnership).  
*\* Refer to provision on "Claims Involving Misconduct" in your Certificate of Insurance.*  
*\* Advisable to adopt signatures which are not easily duplicated.*
10. Only allowing partners to keep the firm's cheque books?
11. Keeping the firm's cheque books in the firm's safe at the end of every working day?
12. Ensuring that partners in charge of files review and "sign off" on their files before a particular file can be closed?

**If you have answered "NO" to any one of these questions,  
your firm is at risk!**

*\* The list of questions above are non-exhaustive, however, they are basic safeguards that all firms should implement, if they have not already.*

# CALENDAR

of Events: **2007**

## January '07

**9 January : Newsletter**  
*RMQ Dec '06*

### 17 January : Bar Council CLE

Ethics Lecture:  
Risk Management Session

### 18 January : Johor Bar CLE

Ethics Lecture:  
Risk Management Session

## February '07

### 28 February : Bar Council CLE

Ethics Lecture:  
Risk Management Session

## March '07

**2 March : ISO 9001:2000  
Certification Audit**  
NQA External audit for  
PII & RM Department

**8 - 10 March:  
National Maritime Conference**  
*'Malaysia as a Maritime Nation:  
Meeting Expectations'*

**26 March : PII & RM**  
PII 2007 & Risk Management  
Briefing for Bar Council  
Secretariat Officers  
(Follow-up Session)

**PII**  
Joint Claims Committee (JCC)  
Hearing

## April '07

**RM Brochure**

### Newsletter

*RMQ Mar '07*

## April '07

**RM Seminar for Legal Firms**  
*Risk Management for Practitioners*

## May '07

**Bar Council CLE**  
Ethics Lecture:  
Risk Management Session

### RM Seminar @ State Bars

*Risk Management for Practitioners*

## June '07

**Bar Council CLE**  
Ethics Lecture:  
Risk Management Session

### RM Legal Practice Review 2007

## July '07

**Newsletter**  
*RMQ Jun '07*

**Bar Council CLE**  
Ethics Lecture:  
Risk Management Session

### Johor Bar CLE

Ethics Lecture:  
Risk Management Session

### RM Legal Practice Review 2007

## August '07

**Bar Council CLE**  
Ethics Lecture:  
Risk Management Session

### Penang Bar CLE

Ethics Lecture:  
Risk Management Session

## August '07

**RM Legal Practice Review 2007**

## September '07

**Bar Council CLE**  
Ethics Lecture:  
Risk Management Session

### RM Legal Practice Review 2007

### PII & RM

Survey 2007 Begins

## October '07

**29 - 31 October**  
*The 14<sup>th</sup> Malaysian Law  
Conference*

### Newsletter

*RMQ Sep '07*

**Bar Council CLE**  
Ethics Lecture:  
Risk Management Session

### PII & RM

Survey 2007 Ends

## November '07

**Bar Council CLE**  
Ethics Lecture:  
Risk Management Session

### RM

2008 Calendar

## December '07

**Bar Council CLE**  
Ethics Lecture:  
Risk Management Session

### RM

Practice Area Checklists

\* The PII & RM Department's Calendar of Events is subject to change. For more information on any events, do contact the PII & RM Department



# A - Z

## Archives

Make sure you know how long all completed files should be kept for (expiry of limitation periods), and that they are easily obtainable if necessary. Create inventories of all completed files where possible.

## Business Continuity

Make sure you have proper disaster recovery procedures in place.

## Checklists

When a file is completed, it should be reviewed to ensure that all tasks have been finalised and bills paid.

## Diary

Ensure that all staff have access to a central diary and everyone knows when deadlines are.

## Emails

Ensure that an email is as professional as a letter would be. Also ensure that another lawyer checks your email if you are out of the office or set your email to autoreply, with another lawyer's contact details for urgent matters.

## Filing

All files should be kept up to date and be easily accessible should another lawyer need to pick up on work.

## Generation Gap

Ensure that senior members of the firm are up to date with all basic modern technology, i.e. emails and electronic calendars.

## Holidays

Make sure there are sufficient staff resources so that all work can continue in a seamless fashion. Clients are also to be informed of any lawyer's absence.

## Induction Courses

All new staff should be properly trained on all aspects of their job scope and risk management procedures.

## Joint Instructions

Ensure that all instructions are in writing. Check in with the other lawyer(s) periodically that everything is going according to plan.

## Knowledge

Problems arise with in areas of law that improperly understood. Failure of staff to changes in legal processes.

## Limitation

Ensure that critical the outset, taking international (applicable). Set reminders.

## Manager

Appoint a risk manager someone who can cover circumstances and cover is also to ensure procedures in place to prevent

## Notification

If you have reasonable notification may be act accordingly and management partner

## Open-door

All staff should feel about possible procedures which may have been

# f Risk Management

## Based Risk

h lawyers dabbling  
are unfamiliar and  
tired, and with the  
keep abreast with  
l administrative

## Period

dates are verified at  
ng into account  
treaties (where  
t-up a system of

management partner,  
coordinate all claims,  
complaints. He/ she  
pper risk checks are  
future problems.

ns  
n to believe that a  
e coming your way,  
l make sure the risk  
er is informed.

## Policy

comfortable talking  
blems or mistakes  
en made.

## P rivacy

All clients are entitled to complete confidentiality, make sure that all work is kept confidential and sensitive documents are stored safely.

## Q uoting Fees and Time

Be realistic when quoting probable expense and time to clients. Do not be tempted to underestimate in the hope of winning the client over. If the client feels misled, a negligence claim could be the result.

## R etainer Letters

One of the most important aspects of risk management in a law firm. Outline in your letter everything that will be undertaken, and cover all aspects of the case within the initial retainer letter.

## S upervision

Remember, good supervision involves follow-up and retaining responsibility of work assigned.

## T raining

Staff development is not limited to 'hands-on' experience. Firms should include staff training needs in their annual plans and/or budget.

## U nusual Requests

Be wary of clients who are reluctant to provide details of their identity or make unusual requests. Avoid unreasonable obligations. Say no to work if you are at all unsure.

## V ocabulary

Whilst documents may require legalese, it is important that you communicate with clients in a language that they understand.

## W orkload

Learn to delegate. Too much work may result in missed deadlines, oversights and possible claims of negligence.

## Y ear-end Festivities

Whilst it is important to enjoy yourselves at this time, remember to ensure the client still receives professional service at all times. Inform clients ahead of time if the firm is going to be closed and provide emergency contact numbers.

## Z eal

Zeal for your work is good, however, human concern and genuine compassion for your clients could also reduce would-be complaints, as well as increasing the likelihood of future work.

# PII & RM

# Survey 2006

# Report

## INTRODUCTION

The second annual PII/ RM Survey was successfully conducted from 1 – 30 October 2006. A copy was sent to all members of the Bar with the Jul/ Aug 2006 issue of Praxis. The 2006 PII/ RM Survey (the 2006 Survey) was then e-mailed (in PDF format) to members of the Bar on 13 October 2006 to increase circulation and hence participation in the 2006 Survey.

## AIMS

The 2006 Survey's aims were to:

- ▶ Gauge the level of awareness Members have of the PII Scheme (terms and conditions of their 2006 PI policy, claims process, etc);
- ▶ Assist the PII Committee in determining areas for improvement and the success of the PII & RM Department's endeavours thus far;
- ▶ Determine from Members their perception of the level of service provided by the PII & RM Department and brokers;
- ▶ Analyse and formulate an enhanced risk management plan based on the feedback and findings.

## SURVEY FORMAT

The 2006 Survey consisted of four (4) sections with 25 questions – all of which required only simple “yes/no/don't know” answers. These questions were designed to canvass member's views on:

- Various aspects of the 2006 PII Scheme, particularly, its coverage, terms and conditions;
- The PII & RM Department;
- Our present broker, Jardine Lloyd Thompson Sdn Bhd, and
- The Risk Management Programme.

Firms were also given the choice of stating what firm and which states they were from – to ascertain demography of responses.

## RESULTS

The PII & RM Department sent out 12,300 copies of the 2006 Survey, we received 215 responses (as at 6 Dec 06). Of the 215 responses received, the highest number of responses came from Kuala Lumpur (62 responses) and Terengganu faring the worst with only 1 response.

### Section I: Professional Indemnity Insurance (PII) Scheme

Approximately 50.0% of respondents feel that the current PII Scheme is serving its purpose in protecting them against professional liability claims. Further, an encouraging 52.0% of respondents are aware that the PII Scheme for 2007 has been revamped.

### Section II: PII Scheme – Terms and Conditions

90.1% of respondents know how much they are covered for. 62.4% of this majority also feel that the PII Scheme's mandatory limit is adequate to meet their needs, which reinforces the PII Committee's earlier decision not to revise this limit upwards.

Respondents, however, did not fare too well when it came to specific questions on coverage with only 42.2% of respondents familiar with their PII terms and conditions. Take for instance, some members are not aware that their PI *does cover* a practitioner who has left practice (so long as

the negligent act was committed when (s)he had valid PI cover for that particular year).

50.2% of respondents found the terms and conditions as set out in the Certificate of Insurance unclear and not easily understood whilst 49.3% of respondents are not aware of the circumstances/ liabilities that are excluded from their PII. These results come as a surprise since the 2006 Certificate

Approximately 50.0% of respondents feel that the current PII scheme is serving its purpose in protecting them against professional liability claims



of Insurance was revamped and simplified, with exclusions and liabilities clearly outlined.

87.0% of respondents stated that they would like to be briefed on their PII terms and conditions (as an endeavour either by the Bar Council or the brokers).

### Claims

46.3% of respondents felt that their queries about potential claims and claims process were properly and adequately answered. However, the 2006 Survey shows that a majority of respondents (54.2%) are unable to rate the broker's ability when dealing with their claims queries. Further, only 51.2% of respondents are aware that we no longer utilise loss adjusters as claims managers. Notification of any circumstances/ writs is to be made directly to the broker (since 2005).

Important to note is that the statistics above could be largely due to the fact that about 85.0% of firms are claims free (as at 14 Nov 2006). This probably contributes to member apathy in enquiries about coverage and claims process – only 14.2% of respondents know how a claim is dealt with after notification. Slightly better is that 44.1% of respondents are aware of the timelines to notify a circumstance they have become aware of.

This finding is unexpected since these details are reiterated time and time again in the Risk Management Quarterly Newsletter (RMQ) as well as stated clearly in the Certificate of Insurance that is sent annually to every legal firm.

### Section III: PII & Risk Management Department

Only 23.8% of respondents have called/ written to the PII & RM Department in the past year. 13.5% of these respondents felt that the department's officers responded promptly and/ or efficiently to their queries.

### Brokers – Jardine Lloyd Thompson Sdn Bhd (JLT)

The brokers were prompt when it came to answering queries (45.3% of respondents answered in the

positive). However, only 30.0% of respondents felt that the brokers had answered and/ or explained their queries **sufficiently**. In relation to 2006 renewals, a small majority of respondents (46.3%) were satisfied with the broker's accuracy, level of service and timeliness in the issuance of invoices and Certificates of Insurance.

### Section IV: Risk Management

Questions under this section were designed to obtain feedback on the viability of the PII & RM Department's proposed 2007 endeavours. It would seem that our proposals for 2007 have the full support of all respondents.

- ▶ 68.2% would be interested to attend Risk Management seminars
- ▶ 61.2% would want presentations by solutions providers, and

- ▶ 80 – 90% of respondents welcome publication of Risk Management brochures, Checklists, and "How To" Manuals as well as Guides.

Even the RMQ received a favourable response with 54.8% of respondents finding the RMQ useful.

The Legal Practice Review (practice review audit of legal firms), however, only found favour

with 35.7% respondents. The full report on the PII & RM Department's 2006 Legal Practice Review project can be found in the Risk Management Quarterly Dec 2006 Issue (Pg. 11).

These findings are of particular import as it allows the PII & RM Department to focus our efforts and initiatives on projects that members want and need in 2007.

### OBSERVATIONS

- ▶ **PII Scheme.** Awareness and knowledge of the Scheme by 50.0% of respondents is very encouraging, an indication that the PII Committee and PII & RM Department's efforts, in educating members of the Bar and raising awareness, are thus far, effective.

- ▶ **PII Terms and Conditions.** In a mandatory

“Even though all members of the Malaysian Bar have to be insured in order to practice, only a small minority understand the basic processes involved.”

scheme like the Malaysian Bar's, it is vital that members are encouraged to take more of an interest in their PII, that is, they should read their Certificate of Insurance, and the accompanying explanatory note sent with their invoices to gain at least minimal understanding. However, only a small majority (42.4%) of respondents are familiar with the PII's terms and conditions. This is worrying as it translates to mean that even though *all* members of the Malaysian Bar have to be insured in order to practice, only a small minority understand the basic processes involved.

This point is further illustrated by this comment from a lawyer in Kuala Lumpur: "PII is arranged by the firm and the certificate of insurance is kept by the firm (*sic.*). As a legal practitioner, I've never been shown the certificate nor have I been briefed or informed of the sum insured or premium paid".

- ▶ **Member Apathy.** Take for example, the comment from above, even though all firms obtain a copy of the Certificate of Insurance and there is ample literature regarding PII and risk management, this information remains strictly with the office manager/ managing partner/ partner in charge of a firm. Members fail to see the importance of knowledge regarding their PII, and this is further exacerbated by a lack of awareness in relation to their utilising and understanding their PII properly. This in turn encourages a similar culture in young lawyers, young lawyers who will eventually become partners/ sole proprietors. Hence, this culminates in a vicious cycle that may eventually be detrimental to the profession and PII Scheme as a whole.
- ▶ **Claims.** There shows a need for there to be more emphasis on educating members regarding the claims process especially with the removal of the No Claims Bonus structure in 2007 as notifying a claim promptly is not only prudent but in the best interests of the public and members of the Bar. Further, this would

assist the PII & RM Department in identifying emerging risks in different practice areas and for the Department to address these emerging risks by providing tools/ aids/ solutions.

- ▶ **PII & RM Department.** Although set up in January 2006, the PII & RM Department (tasked to oversee both risk management and PII issues raised by members) is neither widely known to members of the Bar nor is it fully utilised. However, feedback for its 2007 programme has been encouraging and useful.
- ▶ **Top Up.** There appears to be some misunderstanding with regards Top-up. The usual complaints are that the Top-up obtained through Jardine Lloyd Thompson Sdn Bhd is more expensive compared to alternative options. It should be pointed out that although the Bar Council does not endorse any particular insurer for Top-up, it is crucial that when purchasing Top-up,

members ensure they are receiving the best terms possible, i.e., the Top-up will provide members with adequate cover.

‘In order to move forward, there must be change to the profession’s mindset on both PI and risk management.’

### CONCLUSION

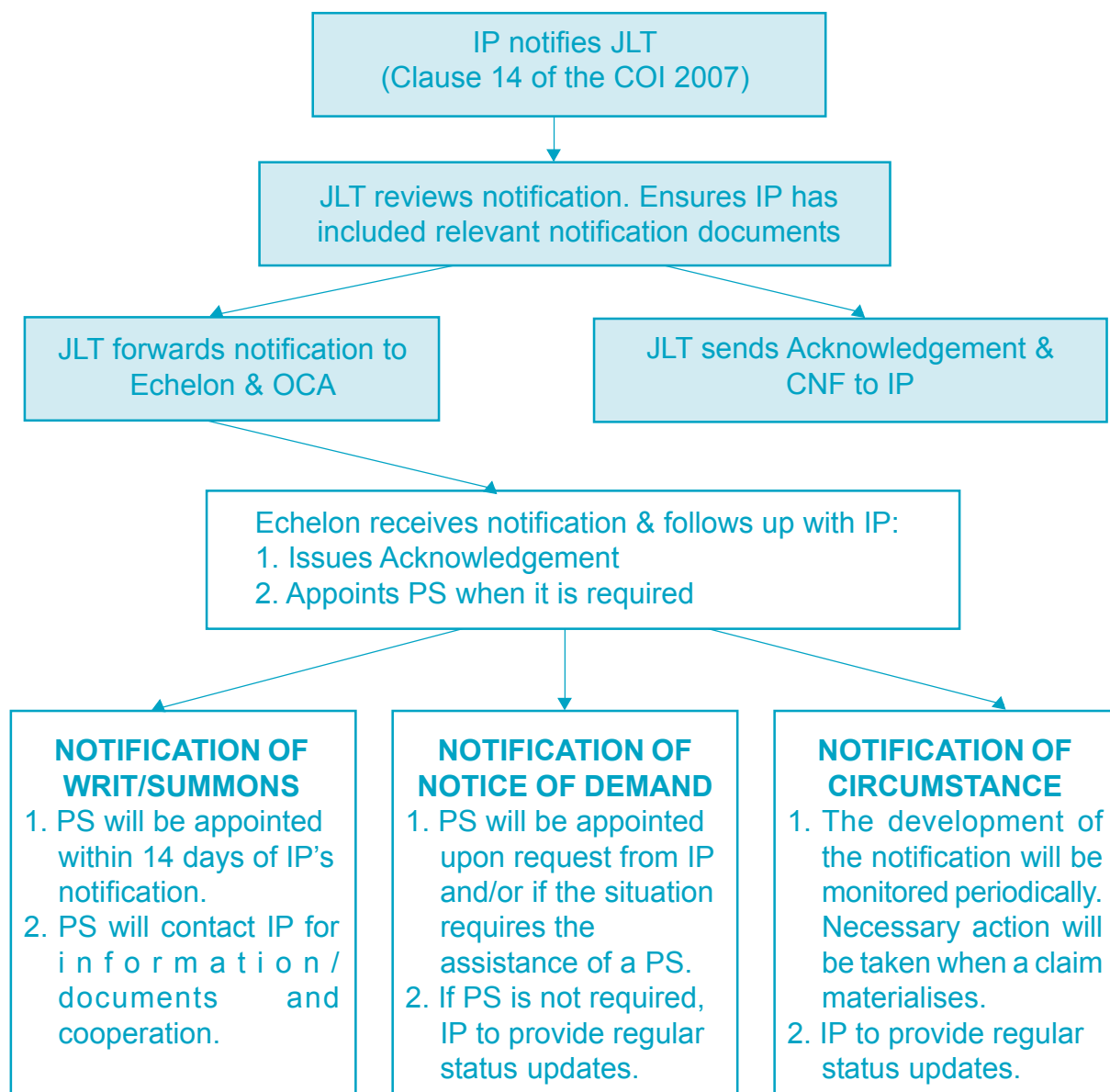
The success of any survey is highly dependent on the support it attains. The 215 Survey responses viewed in its entirety is quite dismal, that is, only 1.7% of the profession took the time to fill in a 3-minute survey.

The basic aim of most surveys is for self-assessment and improvement. The underwhelming response received not only hampers our efforts in determining problem areas and issues, it shows that the profession's progression in terms of wanting to understand their PII Scheme and embracing risk management projects is still minimal. This is not encouraging, especially with the recent calls for the setting up of a self insurance fund. In order to move to a sustainable self insurance fund, these two components are key, thus, in order to move forward, there must be change to the profession's mindset on both PI and risk management.

*By Wong Li Chin*

# Claims Notification Flowchart

## Mandatory Scheme: 2007



**Note:**

- IP : Insured Practice / Legal Firm
- JLT : Jardine Lloyd Thompson Sdn Bhd / Broker
- Echelon : Third Party Claims Administrator
- COI : Certificate of Insurance
- OCA : Oriental Capital Assurance Bhd / Mandatory Insurer
- CNF : Claim Notification Form
- PS : Panel Solicitor

**NB:** When IP's claim amount exceeds the Mandatory Limit and hits the Top-Up, Echelon only administers those claims if IP has bought Top-Up from the Scheme (through JLT).

\* The above flowchart was prepared by Jardine Lloyd Thompson Sdn Bhd

We are on the web!  
www.myPII.com.my

## What's New?

### ◆ RM Training Session

The Malaysian Bar's PII & RM Department is proud to present its first ever in-house training session entitled **Risk Management for Practitioners**. Beginning April 2007, law firms in the Klang Valley may choose to hold a Risk Management training session for their lawyers without leaving the office! Similar sessions will also be held in selected State Bars beginning May 2007. For more information, do contact us at the PII/ RM Department.

### RM Legal Practice Review

- ◆ The PII & RM Department will continue with our Legal Practice Review project this year and we'd like to visit 30 law firms!

The review will take no longer than 3 hours – wherein – our officers will talk to you about your firm's operational processes, methods and systems. Four main areas will be discussed: office management, accounts management, general litigation and real estate conveyancing.

Our aim is to provide an objective assessment and to subsequently make recommendations (if any) to help reduce or eliminate any identified issues that may lead to increased exposure to risk of claims. A report of the findings and recommendations will be made available to your firm.

**NB:** There will not be any costs involved on your part in this Review!

### ◆ File Management E-guide

Everyday Risk Management for Lawyers

### ◆ Practice Alert 1/2007

Employee Embezzlement

## Next Edition:

### Risk Management Article

*The phrase Business Continuity Plan (BCP) is increasingly used and inferred in catastrophic events. But what is it? And how is it pertinent to the legal profession? In our upcoming issue, we explore the relevance of BCP in law firms.*

#### Disclaimer:

In compiling the information contained in this newsletter, the Malaysian Bar Council and JLT have used their best endeavours to ensure that the information is correct and current at the time of publication. We do not accept any responsibility for any error, omission or deficiency.

Material in the newsletter is intended to provide general information and should not be considered a substitute for the applicable PII Master Policy and Certificate of Insurance together with its Schedule. We strongly advise that you refer to the applicable Master Policy and Certificate for the full terms and conditions.

For more details and information, please contact PII & RM Department.

*We are always looking at ways to improve this newsletter and work towards ensuring that any areas of interest which concerns Risk Management will be highlighted in this newsletter. We therefore welcome hearing from you on matters relating to this newsletter and the PII Scheme.*



*We will not know unless we begin.*

**Peter Nivio Zarlenga**



### Contact us:

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