

**LEGAL PROFESSION AMENDMENT (PROFESSIONAL INDEMNITY
INSURANCE MANAGEMENT COMMITTEE) BILL 2018**

Second Reading

I move that this Bill be read a second time.

The Legal Profession Amendment (Professional Indemnity Insurance Management Committee) Bill 2018 makes amendments to the *Legal Profession Act 2008* (WA) and seeks to expand the pool of possible appointees to the Professional Indemnity Insurance (PII) Committee.

In Western Australia, the Legal Practice Board cannot grant or renew a local practising certificate under the *Legal Profession Act 2008* unless the applicant is, or will be, covered by professional indemnity insurance as required by the Legal Profession Regulations 2009 or is exempt from the requirements of the regulations.

Professional indemnity insurance is insurance against loss arising from claims in respect of any description of civil liability occurred in connection with legal practice.

Under Part 11 of the *Legal Profession Act 2008* the Law Society of Western Australia Inc has a significant role with respect to professional indemnity insurance for legal practitioners and law practices.

The Law Society is, amongst other things, charged with making arrangements with insurers for the provision of professional indemnity insurance to legal practitioners and law practices and approving schemes for the provision of professional indemnity insurance. The Law Society is the trustee of the Law Mutual Fund and this fund is used to pay insurance premiums and claim contributions required under the Master Policy.

The Law Society may, in accordance with section 332 *Legal Profession Act 2008* delegate its powers or duties under Part 11 and the associated regulations to a committee known as the PII management committee.

Section 331 of the *Legal Profession Act 2008* makes provision for the establishment of the PII management committee by the Law Society. That section currently requires that PII management committee consist of 7 members appointed by the Law Society. The PII management committee may include members who are not Law Society members. The chairperson must have knowledge and experience in the insurance industry. At least 2 persons must have knowledge and experience in the insurance industry or accounting or financial experience. At least 4 of the members must be drawn from the Law Society Council.

Members of the Law Society Council are elected for 2 years and appointments to the PII management committee follow the same cycle so that is a regular turnover of membership. However, in recent years, there has been a higher than usual turnover of membership where a member of the PII management committee who is a Law Society Council member retires. The higher than usual turnover leads to a loss of knowledge and experience and cause a disruption to succession planning.

The amendments proposed in the bill will do three things. First, the bill will make provision for the PII management committee to consist of at least 7 members. Second, the bill removes the requirement for the chairperson of the PII management committee to be a person who has knowledge and experience in the insurance industry. Third, the bill removes the requirement for the PII management committee to consist of not less than 4 members of the Law Society Council.

The amendments will enable a larger pool of appointees to the PII management committee. For example, former Law Society Council members will be able to be appointed to the PII management committee.

Although the chairperson of the PII management committee will no longer be required to have knowledge and experience in the insurance industry, at least 1 committee member must have knowledge and experience in the insurance industry and at least 2 committee members must either have knowledge and experience in the insurance industry or accounting or financial expertise.

The amendments to section 331 were requested by the Law Society and are supported by the Legal Practice Board.

Pursuant to Standing Order 126(1), I advise that this Bill is not a uniform legislation Bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the Government of the State is a party. Nor does this Bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the Commonwealth.

I commend the Bill to the house and table an explanatory memorandum.