

ATTORNEYS INSURANCE INDEMNITY FUND

(Association Incorporated under Section 21) (Reg. No. 93/03588/08)

Claims Managers & Administration: 288 Kent Avenue, Randburg 2194

P O Box 2544 Randburg 2125, Docex 34 Randburg

Tel: (011) 329 1111, Fax (011) 329 1984

Website: www.aiif.co.za

Prescription Alert: 6th Floor, 28 Wale Street, Cape Town

P O Box 3062, Cape Town 8000, Docex 149

Tel (021) 422 2830 Fax (021) 422 2990

Email: info@aiif.co.za,

Date:

THE SENIOR PARTNER

Dear Sir/Madam

ATTORNEYS FIDELITY FUND PROFESSIONAL INDEMNITY INSURANCE SCHEME

NEW OPTIONS REGARDING PROFESSIONAL INDEMNITY COVER TO BE INTRODUCED WITH EFFECT FROM 01 JULY 2006

The Attorneys Fidelity Fund Professional Indemnity Insurance Scheme affords a certain level of free professional indemnity cover to all attorneys practising in South Africa in terms of the Attorneys Act 53 of 1979 (as amended). The liabilities of this scheme are underwritten by the **Attorneys Insurance Indemnity Fund**.

The details of the cover are contained in an annually renewable policy document, which comes into force on **01 July** of each year and expires on **30 June** of the following year.

The limits of indemnity and deductibles (excesses) are determined by the number of partners that constitute the insured practice on the date that the alleged cause of action arose, in accordance with the schedule to the applicable policy document.

A number of practitioners have expressed the concern that the existing deductibles are unduly high particularly in respect of practitioners who are not at risk for claims which are likely to require high levels of professional indemnity cover.

In order to accommodate these concerns and to attempt to meet the requirements of **all** practitioners, the Attorneys Insurance Indemnity Fund has agreed to again offer practitioners a choice of one of the following three options for the **2006 / 2007** year:

OPTION 1. Current Limits of Indemnity and Deductibles

PRINCIPALS IN PRACTICE	LIMITS OF INDEMNITY	DEDUCTIBLE	DEDUCTIBLE MVA
1	1 000 000	20 000	35 000
2	1 000 000	36 000	63 000
3	1 000 000	48 000	84 000
4	1 000 000	60 000	105 000
5	1 000 000	72 000	126 000
6	1 000 000	84 000	147 000
7	1 050 000	96 000	168 000
8	1 200 000	108 000	193 000
9	1 350 000	120 000	210 000
10	1 500 000	132 000	231 000
11	1 650 000	144 000	252 000
12	1 800 000	156 000	273 000
13	1 950 000	168 000	294 000
14 +	2 000 000	180 000	315 000

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OPTION 2. 50% Reduction on Current Limits of Indemnity and Deductibles

PRINCIPALS IN PRACTICE	LIMITS OF INDEMNITY	DEDUCTIBLE	DEDUCTIBLE MVA
1	500 000	10 000	17 500
2	500 000	18 000	31 500
3	500 000	24 000	42 000
4	500 000	30 000	52 500
5	500 000	36 000	63 000
6	500 000	42 000	73 500
7	525 000	48 000	84 000
8	600 000	54 000	94 500
9	675 000	60 000	105 000
10	750 000	66 000	115 500
11	825 000	72 000	126 000
12	900 000	78 000	136 500
13	975 000	84 000	147 000
14 AND ABOVE	1000 000	90 000	157 500

OPTION 3. 75% Reduction on Current Limits of Indemnity and Deductibles

PRINCIPALS IN PRACTICE	LIMITS OF INDEMNITY	DEDUCTIBLE	DEDUCTIBLE MVA
1	250 000	5 000	8 750
2	250 000	9 000	15 750
3	250 000	12 000	21 000
4	250 000	15 000	26 250
5	250 000	18 000	31 500
6	250 000	21 000	36 750
7	262 500	24 000	42 000
8	300 000	27 000	47 250
9	337 500	30 000	52 500
10	375 000	33 000	57 750
11	412 500	36 000	63 000
12	450 000	39 000	68 250
13	487 500	42 000	73 500
14 AND ABOVE	500 000	45 000	78 750

Note: Limits of Indemnity are on the basis of an aggregate amount per practice (i.e. maximum amount of cover per practice per year), with applicable deductibles per practice in respect of every claim.

(It should be noted that, as before, if Prescription Alert has not been utilised and adhered to by the practitioner, the applicable MVA deductible will be increased by an additional 15%.)

In selecting one of the options it is important to note that the limit of indemnity afforded by the scheme is provided on an aggregate basis and does not apply individually to each and every claim made against a particular legal practice. This means that practitioners who decide to take advantage of option two or three must be prepared to assume the risk that the sum total of all the claims made against them in the forthcoming year of insurance may exceed their reduced limit of indemnity.

The relevant option must be exercised prior to **30 June 2006** and will only apply to claims dealt with in terms of the policy applicable to the period **01 July 2006** to **30 June 2007**.

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Should your firm wish to avail itself of options 2 or 3, then you are requested to **complete and sign the attached form** and return it to the managers of the Attorneys Fidelity Fund Professional Indemnity Insurance Scheme.

Kindly note that the enclosed form should only be completed if you wish to choose either option 2 or 3.

The details of the scheme managers are as follows:

Glenrand MIB Professional Services

P O Box 2544

Docex 343

Randburg

Johannesburg

2125

Fax no.:

(011) 329 1984

Telephone no.:

(011) 329 1943 (Ann Bertelsmann)

(011) 329 1966 (Tracy Nell)

If you decide not to exercise either option 2 or 3 then the existing limits of indemnity and deductibles in option 1 will automatically apply to any claim made during the currency of the forthcoming year of insurance.

Yours faithfully

**ANN BERTELSMANN
GENERAL MANAGER
ATTORNEYS INSURANCE INDEMNITY FUND**

DIRECTORS: X M Boqwana, M de Roos, H K Dlepu, C P Fourie, M J Husain, A W Mansfield (Managing), T V Mtati (Chair), A F W Peters, EM Southey, A Tate
GENERAL MANAGER: A E Bertelsmann

REGISTERED ADDRESS: 6TH Floor, 28 Wale Street, Cape Town, 8001

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ATTORNEYS INSURANCE INDEMNITY FUND
C/O GLENRAND MIB PROFESSIONAL SERVICES
P O BOX 2544 DOCEX 343
RANDBURG JOHANNESBURG
2125

FAX NO.: (011) 329 1984
TELEPHONE NO.: (011) 329 1966/1943

ATTORNEYS INSURANCE INDEMNITY FUND

OPTION TO REDUCE LIMIT OF INDEMNITY/DEDUCTIBLE APPLICABLE TO 2005 / 2006 ATTORNEYS FIDELITY FUND PI SCHEME POLICY

I, the undersigned _____
In my capacity as _____
Of the attorneys firm _____
Address (docex/postal) _____
Telephone _____ fax _____

duly authorized hereto, hereby notify the Attorneys Insurance Indemnity Fund of the firm's acceptance of the reduced limit of indemnity/deductible option which has been made available in respect of the 2005 / 2006 scheme policy.

This firm presently consists of _____ (*number of partners*) partners/directors **whose names are annexed hereto.**

I elect to take option number 2 / 3 (**circle the chosen option**).

I understand and accept that should any professional indemnity claims be made by my firm during the currency of the abovementioned policy then my firm's entitlement to an indemnity will be restricted to the chosen portion of the indemnity set out in the schedules to the abovementioned policy. I also understand and accept that the deductible/s (excesses) applicable to my firm will be reduced proportionately.

THUS SIGNED AT _____ ON THIS THE _____ DAY OF **2006**.

WITNESSES

1. _____

WHO BY HIS/HER SIGNATURE
WARRANTS HIS/HER AUTHORITY

2. _____