

# Legal Profession Practice (Professional Indemnity) Bill

## EXPLANATORY MEMORANDUM

*Clause 1* cites the purpose of the Act.

*Clause 2* provides that the Act comes into operation on a day to be proclaimed and that certain sections are deemed to have come into operation on 1 January 1986.

*Clause 3* provides that the *Legal Profession Practice Act 1958* is the Principal Act.

*Clause 4* validates the Professional Indemnity Insurance Regulations 1985 and deems things done or purporting to have been done under the Regulations to have been validly done.

*Clause 5* amends section 88A of the Principal Act by inserting a definition of "former solicitor" and amending the definition of "professional insurance".

*Clause 6* amends section 88H of the Principal Act by giving the Solicitors Liability Committee power, with the approval of the Law Institute Council, to determine contributions payable by particular classes of solicitors to the solicitors professional indemnity scheme. Contributions are presently fixed by regulation. The amendment is necessary to allow premiums to be varied more readily in response to inflation and other market factors. The amendment necessitates a number of consequential amendments to remove references to regulations.

*Clause 7* widens the investment powers of the Solicitors Liability Committee by adding investments in futures contracts to the list of authorised investments in section 88I of the Principal Act. Dealings in futures contracts must conform with guidelines laid down by the Law Institute Council and approved by the Attorney-General. This amendment allows the Committee to hedge its fixed interest investment to protect against changes in interest rates.

*Clause 8* amends section 88K of the Principal Act in relation to annual contributions. The amendment is consequential upon Clause 6.

*Clause 9* is a consequential amendment to section 88M of the Principal Act.

*Clause 10* repeals certain powers in section 88N of the Principal Act to make regulations and makes consequential amendments.

*Clause 11* amends section 88O of the Principal Act to clarify that the Law Institute of Victoria may guarantee professional indemnity insurance contracts between the Solicitors Liability Committee and solicitors.

*Clause 12* corrects certain anomalies in the Principal Act.

*Clause 13* is a transitional provision.

