



# Rules and Procedure for Admission to the RICS Assigned Risks Pool

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## Definitions

In the Rules and Procedure for Admission to the RICS Assigned Risks Pool the following definitions apply:

1. **Aggregate** – the limit of indemnity that is only available once in respect of all claims made under the policy during the applicable period of insurance.
2. **ARP** – the RICS Assigned Risks Pool.
3. **Attached Classes** – a Trainee Surveyor, Trainee Associate or Student.
4. **Business Review** – a formal investigation undertaken by a Chartered Surveyor and an Accountant appointed by RICS to obtain information relating to the operation of the *Firm*.
5. **Constructive Declinature; Constructively Declined** – a quotation by a Listed Insurer to the *Firm* which is sufficiently in excess of contemporary market rates to constitute an actual declinature and/or terms which do not comply with *RICS Insurance Requirements*. The *Panel* will be the final arbitrator as to whether terms provided by a *Listed Insurer* constitute *Constructive Declinature*. This definition also applies to '*Constructively Declined*'.
6. **Each and Every Claim** – the limit of indemnity that will apply to each claim notified under the policy during the applicable period of insurance.
7. **Excess** – the part of the policy which the insured *Firm* will be required to pay in the event of any claim.
8. **Final Premium** – the premium paid by the *Firm* for the period of the insurance (usually one year) less the amount of the *Provisional Premium* previously paid.
9. **Firm** – the whole or part of any body corporate, a partnership, a limited liability partnership, or an unincorporated practice of a sole practitioner concerned with the business of surveying or providing other related services, which is regulated by RICS.
10. **Listed Insurer** – an insurer who is listed by RICS. A complete list of *Listed Insurers* is available on request from the Insurance Section, *RICS Regulation*.
11. **Member** – a Fellow, Professional Member, Associate Member or Honorary Member of RICS or a member of the *Attached Classes*.
12. **Manager(s)** – a company appointed by RICS to advise and to manage the *ARP* and to implement decisions made by the *Panel*. The *Manager* acts on behalf of the RICS and the *Panel* and cannot act on behalf of the *Firm*.
13. **Panel** – the Assigned Risks Pool *Panel*, which comprises members of RICS and representatives of the *Listed Insurers*.
14. **PI** – professional indemnity.
15. **Prescribed Listed Insurer** – an insurer whom an *ARP* applicant must approach to obtain a declinature. This is to satisfy the requirement of proof that insurance cannot be obtained from the standard market. A complete list of *Prescribed Listed Insurers* is available on request from the Insurance Section, *RICS Regulation*.
16. **Principal** – a sole practitioner, a partner, a director or a member of a limited liability partnership, a person whose job title includes the word 'partner' or 'director,' or a person who performs the function of a sole practitioner, a partner, a director or a member of a limited liability partnership.
17. **Provisional Period of Admission** – membership of the *ARP* for an initial period of no longer than three months.
18. **Provisional Premium** – the premium paid by a *Firm* for the *Provisional Period of Admission*, before gaining entry to the *ARP*.

- 19. Regulated by RICS** – a *Firm* that meets the eligibility criteria to be able to use the firm’s designation ‘*Regulated by RICS*’ as defined in the *Rules of Conduct for Firms*.
- 20. RICS** – the Royal Institution of Chartered Surveyors.
- 21. RICS Approved Minimum Wording** – the Approved Minimum Wording which is in force at the commencement or renewal date of any policy – a current copy of which can be obtained on application to the Insurance Section, *RICS Regulation*.
- 22. RICS Insurance Requirements** – the requirements relating to professional indemnity insurance as defined by the *RICS Rules of Conduct for Firms*, Policy statement and guidance.
- 23. RICS Rules of Conduct** – the current version of the *RICS Rules of Conduct for Firms*.
- 24. Surveying Service** – those services (including the giving of advice) normally undertaken by members of RICS.

## The Purpose of the ARP

- 1.** *RICS* requires every *Firm* which is providing or offering surveying services to third parties to have valid PI insurance.  
The purposes of having PI insurance are to ensure that:
  - If the insured (member or *Firm*) faces a claim, it is protected from financial loss that it cannot meet from its own resources;
  - To protect the insured against the consequences of its liability to pay damages to third parties in respect of breaches of professional duty that it commits in the course of its professional activities; and
  - The *Firm*’s clients do not suffer financial loss which the *Firm* cannot meet.
- 2.** *RICS* recognises that circumstances may arise where a *Firm* may be unable to obtain PI insurance and therefore render(s) it unable to comply with the *RICS Insurance Requirements*. This may be as a result of a poor claims record, the type of business being carried out or other risk factors and may occur through no direct fault of the *Firm*.
- 3.** Where this happens the *ARP* is a facility to which a *Firm* may apply to enable it to comply to a more limited degree with the *RICS Insurance Requirements* whilst the *Firm* takes action to rectify the issues that have led to it being declined PI insurance.
- 4.** Failure to explore the *ARP* route in these circumstances will put the *Firm* in breach of *RICS Rules of Conduct* and may lead to disciplinary action by *RICS*.
- 5.** Entry in to the *ARP* should only be considered after a *Firm* has exhausted all other options.
- 6.** It is not a soft option. The *Provisional Premium*, *Business Review* cost and *Final Premium* will be substantially higher than the expiring premium. The extent of cover will be lower, since the limit of indemnity is *Aggregate* rather than *Each and Every Claim*.
- 7.** The insurance provided within the *ARP* is underwritten by each *Listed Insurer* in proportion to their market share.

## ARP Rules of Admission and Membership

The following Rules must be satisfied by a *Firm* applying for admission to the Assigned Risks Pool (ARP):

1. Entry into the *ARP* by a *Firm* is subject to an application and acceptance of the entry procedures and any conditions of membership of the *ARP* being observed at all times. Non adherence to any terms could result in cover being withdrawn or restricted at any time, at the sole discretion of the *Panel*.
2. All decisions of the *Panel* relating to admission and membership of the *ARP* are final and will be binding on the *Firm* while it remains a member of the *ARP*. In the event that a matter is not covered by or conflicts with these entry procedures and conditions of membership, the *Panel* shall have absolute discretion as to what action shall be taken.
3. A *Firm* may apply to enter the *ARP* if it is currently trading and has been declined (or *Constructively Declined*) PI insurance. A *Firm* who is no longer trading (i.e. in 'run off') at the time of application is not eligible to enter the *ARP*.
4. Insurance within the *ARP* shall only be made available to *Firms* which are *Regulated by RICS*. Insurance within the *ARP* for subsidiary, associated or predecessor firms which are not *Regulated by RICS* will be at the sole discretion of the *Panel*. If a *Firm* ceases to be *Regulated by RICS*, for whatever reason, the insurance provided by the *ARP* shall cease with effect from the date the *Firm* ceases to be *Regulated by RICS* except at the sole discretion of the *Panel*.
5. In applying to enter the *ARP* for the *Provisional Period of Admission*, the *Firm* must be able to provide evidence to the Manager, either:
  - (a) that it has been declined PI insurance by:
    - i. its own insurer/s;
    - ii. a minimum of three *Prescribed Listed Insurers* (four where the *Prescribed Listed Insurer* is the *Firm's* own insurer); and
    - iii. a minimum of six other *Listed Insurers/ Prescribed Listed Insurers*

A declinature by a coverholder or managing general agent of a *Listed Insurer/ Prescribed Insurer* will not be deemed to be a declinature of PI insurance for the purposes of Rule 5.
  - (b) of Constructive Declinature, which the Manager shall judge to be satisfactory.

The Manager can make an initial judgement on whether terms which have been offered constitute Constructive Declinature.
6. The limit of indemnity within the *ARP* will be in accordance with that recommended by the *RICS Insurance Requirements*, subject to a maximum limit of indemnity of £1,000,000 and the limit of indemnity will be in the *Aggregate* basis rather than on an *Each and Every Claim* basis.
7. In the event that this *Aggregate* limit is eroded or extinguished by paid or outstanding claims, whilst the *Firm* is still within the *ARP*, the *Panel* may reinstate the *Aggregate* limit at its sole discretion.
8. Other than as stated elsewhere within these Rules, the insurance policy wording applicable to the *ARP* shall be the latest issued *RICS Approved Minimum Wording*, except that;
  - (a) the limit of indemnity shall be on an *Aggregate* basis, as stated above.
  - (b) no insurance shall be in force whilst any element of the premium remains outstanding.

9. The *Panel* may set additional terms and conditions of insurance which may result in less comprehensive insurance than the wording of the *RICS Approved Minimum Wording*.
10. No insurance will be provided by the *ARP* unless all information, confirmation and declaration requirements of the *Managers* are fulfilled, the contractual undertakings are complete and the required *Provisional* or *Full Premium*, as applicable, and *Business Review* cost are paid in full.
11. Stand alone run-off insurance for any *Firm* within the *ARP* will not be available for a *Firm* that is the subject of a winding-up order (or equivalent) or otherwise ceases to trade or is the subject of the appointment of a liquidator, administrator or receiver (including an administrative receiver), except at the absolute discretion of the *Panel*.
12. Any breach of any the contractual undertakings given by the *Firm*, or the giving of any false or misleading information by the *Firm*, so as to gain admission to the *ARP* or any breach of these entry procedures and conditions of membership will be grounds for immediate expulsion from the *ARP*, with all insurance within the *ARP* voided and *RICS* may take disciplinary action.
13. A *Firm* must leave the *ARP* once it can obtain and intends to take up insurance in the standard insurance market, subject to the provisions of Rule 14 below. Evidence of the available insurance must be provided to the *Manager*.
14. A *Firm* cannot leave the *ARP* without first giving 28 days written notice, unless agreed otherwise by the *Panel*, of their intention to do so and having discharged all obligations to *RICS*, contractual or otherwise, that may be or may become due as a result of its membership of the *ARP*.
15. Return of any premium paid for any unexpired period of insurance shall be at the sole discretion of the *Panel*, less any costs, and will in any event not be returned if any claim or circumstance which might give rise to a claim is notified during the *Provisional Period of Admission* within the *ARP*. Return of the *Business Review* cost in the event of the *Business Review* not proceeding, will be less any costs incurred by *RICS* and/or *Managers*.
16. Insurance beyond a period of 12 months is entirely at the discretion of the *Panel*. A *Firm* may be insured through the *ARP* for an absolute maximum period of 36 months. Any application made for a second or third year must follow the same process as the initial application. A further *Business Review* will be undertaken at the expense of the *Firm* for each further period of cover in order to assess the *Firm's* progress towards becoming a better risk proposition to the standard insurance market.
17. Any *Firm* that has failed to comply with the terms offered by the *Panel* will not be eligible to make a further application to join the *ARP* for a period of 12 months from the date of *Provisional Period of Admission* to the *ARP* or the date of inception of the full terms offered, whichever is earlier.
18. The *Panel* has the right to change these *ARP* entry procedures and conditions of membership at any time without prior notice, subject to approval of the *RICS Regulatory Board*.
19. *Firms* which seek admission to the *ARP* will be notified of any revisions to the entry procedures and conditions of membership and, following such notification, will be bound by them. The revisions, however, will not apply to *Firms* already admitted to the *ARP*.

## Procedure for Admission to the ARP

1. If a *Firm* has been declined insurance cover (or considers that it has been *Constructively Declined*) it should apply to the *Panel* for admission to the *ARP* through the *Manager* or its insurance brokers/intermediaries or the *Firm* can contact *RICS* directly.

2. The *Managers*, based on receipt of the required supporting information and documentation, will make an initial judgement as to whether the PI insurance market is declining the risk (including any *Constructive Declinature*).
3. The *Manager* will advise the *Firm*, through its insurance brokers or intermediaries, of the formal terms for the *Provisional Period of Admission* of the *Firm* into the *ARP*, including the *Provisional Premium* and *Business Review* cost.
4. The terms will include certain required information, confirmations, declarations and contractual undertakings. The *Provisional Premium* payable for the *Provisional Period of Admission* will be calculated by the *Managers*.
5. No insurance will be provided by the *ARP* in the *Provisional Period of Admission* until all information, confirmation and declaration requirements of the *Managers* are fulfilled, the contractual undertakings are complete and the required *Provisional Premium* and *Business Review* cost are paid in full.
6. Once the *Firm* has been provisionally admitted to the *ARP*, the *Manager* will inform the *Firm*, via its insurance brokers/intermediaries, and RICS. The date of commencement of the *Provisional Period of Admission* into the *ARP* will be the date stated in the *Manager's* written confirmation of insurance, even if there is a gap between the expiring insurance policy and entry to the *ARP*. Retrospective insurance may be allowed subject to a satisfactory no claims and no material change declaration at the sole discretion of the *ARP Manager* and/ or *Panel*.
7. During the first 30 days of the *Provisional Period of Admission* the *Firm* will be required to provide the following, through its brokers/intermediaries:
  - (i) a full completed *ARP* proposal form; and
  - (ii) the required evidence of declinature or *Constructive Declinature* by all Prescribed Insurers; and
  - (iii) a date for the *Business Review* to be undertaken.
8. During the first 60 days of the *Provisional Period of Admission* the *Business Review* will be undertaken. The cost of the *Business Review* payable by the *Firm* is currently £2,000. The *Business Review* is entirely for the benefit of the *ARP Panel*, however, a copy will be made available to the *Firm* for information.
9. The *Panel* requires that a *Business Review* shall be undertaken for all applicant *Firms* for the following purpose:
  - (i) to ascertain details of the exact nature of the *Firm's* business;
  - (ii) to ascertain the reasons for insurance not being available and to assist the *Panel* to understand those reasons;
  - (iii) to assist the *Panel* towards setting the terms of full entry in to the *ARP*;
  - (iv) to assist the *Panel* in setting out requirements to the *Firm* as to how the *Firm* shall be better managed in the future. The intention of these requirements is to help make the business a better risk proposition to the standard insurance market.
10. Upon completion of the above requirements and within the *Provisional Period of Admission*, the *Panel* will meet in order to set the terms of full admission to the *ARP*, including the *Final Premium*.
11. In the event of a failure by the *Firm* to complete the requirements of 7. above, insurance within the *ARP* will cease at the end of the 30 day *Provisional Period of Admission*. In such circumstances RICS may take disciplinary action.
12. In the event of a failure by the *Firm* to complete the requirements of 8. above, insurance within the *ARP* will cease at the end of the 60 day *Provisional Period of Admission*. In such circumstances RICS may take disciplinary action.

13. Provided that the *Firm* has complied with all the required *ARP* entry procedures, including agreeing to comply with the *Panel's* requirements for changes to the practices of the *Firm* and any other confirmations, declarations and contractual undertakings, the *Manager* will provide to the *Firm* formal terms of full admission for the first year only, including the *Final Premium*, via its brokers/intermediaries.
14. If the formal terms for full admission of the *Firm* to the *ARP* provided by the *Panel* are not accepted by the *Firm*, then no further insurance shall be granted beyond the *Provisional Period of Admission* to the *ARP*.
15. No insurance beyond the *Provisional Period of Admission* will be provided by the *ARP* until all information, confirmation and declaration requirements of the *Managers* are fulfilled, the contractual undertakings are complete, and the *Final Premium* is paid in full.
16. Once the *Firm* has been admitted to the *ARP* on full terms, the *Manager* will inform the *Firm*, via its brokers/intermediaries, and *RICS*.

## Disciplinary Action

The fact that insurance through the *ARP* does not meet the standards set by the *RICS Regulatory Board* is not of itself a disciplinary matter as long as the *Firm* remains in the *ARP*. If other breaches of *RICS Rules of Conduct* have occurred or there have been past breaches of the *RICS Insurance Requirements*, *RICS* is entitled to investigate those breaches and take such disciplinary action as it considers appropriate.

If a *Firm* is unable to obtain cover in the open market upon leaving the *ARP*, the *Firm* may be subject to disciplinary action.

## Further information

Should you require additional information, please contact the following:

### RICS Regulation

Surveyor Court  
Westwood Way  
COVENTRY  
CV4 8JE  
t: 020 7695 1670  
e: regulation@rics.org

### Miller Insurance Services

70 Mark Lane  
London  
EC3R 7NQ  
t: 020 7031 2371  
e: arpmanager@miller-insurance.com





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