VKN Financial Services (Pty) Ltd ("VKN") is a niche short term insurance broker has concluded a competitive, broad form solution for the South African Institute of Professional Accountants (SAIPA) in the arrangement of a Professional Liability Insurance policy with Leppard Underwriting Company Limited ("the Underwriters") which covers all SAIPA members in good standing.

Whilst there is no requirement on the part of the SAIPA to arrange and negotiate such insurance, it does so to protect the SAIPA and its members and also as part of the value added benefits it provides for its members.

The objective of SAIPA includes the vision and foresight in taking the necessary action to improve and sustain their status and professional image, interest and conduct of both the Institute and its members.

The policy belongs to SAIPA and is entered into by the SAIPA for the benefit of its members and the premium is paid for by the Institute.
How do I access my Certificate of Insurance?
Log on to www.vknfs.co.za. Go to the SAIPA icon on the top right hand side of the menu bar, enter your membership number and email address and you will receive your 2017 certificate and policy wording via email. Please note SAIPA provides VKN Financial Services Pty Ltd with a membership database update once a month. You will experience challenges accessing your Professional Liability policy wording and certificate if your name does not appear on any of the monthly membership databases provided to VKN Financial Services Pty Ltd by SAIPA.

Explain - What is a deductible?
An amount payable by you in respect of the first part of each claim.

What are the policy deductible amounts?
A. Professional Liability: 1% of claim with a minimum of R 20 000.00 each claim including costs and expenses.
B. Directors and Officers Liability: Nil.
C. Fidelity: R75 000.00 per act and including costs and expenses.

What is a retroactive date?
Retroactive date is a date after which claims are covered by the policy.

What is the policy retroactive date?
A retroactive date is the date on which the policy first incepted. The SAIPA Professional Liability policy retroactive date is the 1st January 1990. The SAIPA Directors and Officers Liability retroactive date is the 1st January 2013.

Which policy terms and conditions will respond to claims relating to the retroactive date?
The policy terms and conditions in force at the time when the claim is first reported to the insurer.
Can I obtained for my entity?
Cover for the entity can be obtained and arranged. Please contact Ms’ Delwena Naidoo for further information on 011 023 2765.

What is Claims Made?
Claims made means the policy cover in force on the date the claim is made against you and reported to insurers is the policy that will respond.

Who is covered?
Every member in good standing is covered. The member’s entity is only covered where the member is the sole member, director or shareholder of the entity and is a SAIPA member in good standing. The member’s employees are covered only where there is proof that they have been directly supervised by the member.

Who is a third party?
Any person to whom a member has rendered a professional service is a third party.

What is a professional service?
All services approved by the SAIPA and those services regarded as the norm in the accounting sector will be covered.

How much cover do I have?
(A) Professional Liability Limit:
R 7 000 000.00 each claim and in the annual aggregate for the contract period.

(B) Tax Practitioners Professional Liability Limit:
R4 000 000.00 each claim and in the annual aggregate for the contract period.

(C) Fidelity Limit:
R750 000.00 any one loss and for the contract period

Limits (A), (B) and (C) are independent of each other.

How much Directors Liability cover do I have?
The limit of indemnity is R 2 500 000.00 each claim and in the annual aggregate any one contract period.

Can the Professional Liability limit be increased if required?
Yes the Professional Liability limit can be increased to R 10 000 000.00 if required. The limit will be in excess of the cover arranged by SAIPA.

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<th>Limit of Liability</th>
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VKN Financial Services Pty Ltd

What does the policy cover?
1. Liability arising out of professional services rendered directly the member, or by someone the member directly supervise and control.
2. Liability arising in terms of the Companies Act for your actions as a Director of your own entity from which you provide your professional services.

Is Auditing covered?
The policy specifically excludes Auditing and all non-accounting related services e.g. but not limited to short term insurance intermediary and advise services, real estate, long term insurance and investment, medical, legal, engineering and electrical.

Does the policy automatically cover independent reviews?
The policy does cover independent reviews provided you have obtained the SAIPA approved accreditation through examination and certification.

Does the policy cover Fidelity Guarantee or Misappropriation of Property?
The policy includes any theft of own, and third party property and misappropriation of property. Note there is NO cover in respect of any consequential liability flowing from a Fidelity claim where the approximate cause of the loss is the theft of money or property. This exclusion equally applies to the Professional Liability section above.
Am I covered by the Professional Liability policy for my appointment as a Business Rescue Practitioner?

In the event a member undertakes an appointment in terms of Chapter 6 of the Companies Act 2008: Business Rescue Practitioner the SAIPA Scheme Policy excludes cover because this activity is totally distinct from a SAIPA member providing professional services in support of a Business Rescue Practitioner. Such support professional services are provided as part of the normal professional services of a SAIPA member’s business and as such would be covered under the SAIPA Professional Liability policy.

The SAIPA scheme policy EXCLUDES cover for claims arising out of the acts of a Business Rescue Practitioner for the following reasons;

1. Insurers emphasise that this activity is totally distinct from a SAIPA member’s activity.
2. Insurers prefer that cover arising out of the acts of a Business Rescue Practitioner rather be covered under the separate rated professional liability policy.
3. Insurers have gained significant experience with Business Rescue Practitioner Professional Liability policies, including a claim under the SAIPA scheme policy.
4. Significant legal costs are being incurred in matters involving the various interested parties to a business rescue and these matters naturally involve the Business Rescue Practitioner who seeks support from his insurance policy.
5. The general practice is that the Business Rescue Practitioner is arranging cover against his liability exposures as set out in Chapter 6 OF THE Company Act, but the cost of this insurance is borne by the company under rescue.
6. Regarding the last point, we confirm that any SAIPA member undertaking a Business Rescue Practitioner role that is an appointment in terms of Chapter 6 will be able to access us as a market, through our offices as required.

Does the policy cover Member registered Companies with SAIPA?
Member registered companies with SAIPA are not covered.

What does “in the annual aggregate mean”?
It means the total value of all claims can not exceed the policy limit during any one year.

When do I report a claim?
As soon as you become aware of a claim, whether it is notified verbally, or in writing, or via email, or facsimile, or post you need to inform VKN Financial Services Pty Ltd immediately. Claims must be reported to insurers as soon as practicable but not later than 30 days or first notification from a third party.

Please contact Ms Dale Stone immediately on 011 023 7265.
Can I appoint my own attorney?
Do not appoint an attorney, the insurers will appoint one on your behalf. By appointing an attorney without the knowledge and consent of the insurer you may become liable for the cost and you will prejudice insurer’s rights in the claim.

Am I allowed to enter into negotiations with the claimant?
Do not negotiate with a claimant and do not admit liability, by so doing you will be in breach of the policy conditions.

What happens if I do not notify insurers of a claim?
If you were aware of a claim and tried to negotiate with the claimant without the knowledge of the insurer, by doing so, you would have prejudiced the rights of Insurers and are in breach of the policy conditions. E.g. If a claim is older than 1 year, insurers could repudiate the claim.

What does Directors and Officers Liability cover?
Duties you undertake and acts committed after 1st January 2013, as a Director as defined in the Companies Act 2008 but only in relation to your Directorship of the entity from which you provide your services and as a business rescue practitioner as defined in the Companies Act 2008.

What is excluded from the policy?
• Claims made or notified after the policy has expired will not be considered for the specific policy period.
• Deliberate acts on the part of the member.
• Claims or circumstances notified under any previous policy.
• Facts or circumstances in your knowledge prior to the policy period, which you knew or ought reasonably to have realized, had the potential to give rise to a claim under the policy and not notified to Underwriters.
• Any liability you incur or your firm incurs arising out of the misappropriation of any money or property belonging to you and your clients or any other party. The policy excludes Surety Bonds.
• Normally required by the master at the court.
• The policy does not cover loss of Documents and Fidelity Guarantee or any theft of Third Party Funds by an Employee.
• Claims known in the previous year of insurance but not reported to the underwriter during that Policy period will not be covered in the current period of insurance.
• The policy will not apply if the work done by an employee which brings about a claim was not supervised and signed off by the SAIPA member.
• The policy will not apply where the member is an employee of a firm and the claim is against the firm. The firm will have to lodge a claim under their own policy, the SAIPA policy will not apply, and this will however not stop the member’s employer from holding him liable for any policy excess which may apply to their policy.
• Work undertaken by members for clients whose business are based outside the Republic of South Africa.
Important Considerations

1. Should you receive a written letter of demand, a summons or other direct communication including verbal communication from any party making or threatening to make a claim against you, it is important that you inform **VKN Financial Services (Pty) Ltd** immediately.

2. Claims made by members, where they were unaware of the existence of the Professional Liability Insurance and use their lack of knowledge regarding the existence of the policy, as the reason for not notifying underwriters, or notifying underwriters late, or in the incorrect policy period will not be accepted by insurers as a valid reason for late notification.

3. The deductible applicable in the current year of insurance will be the deductible that will apply at all times in respect of claims dealt with under the current year of insurance.

**SAIPA PROFESSIONAL LIABILITY CLAIMS PROCESS**

Provide the following:

1. Detailed report of the circumstances.
2. When were you first notified about the matter?
3. Was the work carried out by the SAIPA Member or by an employee of the SAIPA Member and if so was the work then signed off and or checked by the SAIPA Member?
4. The actual amounts being claimed needs to be confirmed.
5. Has the client made any verbal or written demands, if so, such written demands must be forwarded to VKN Financial Services.
6. Your SAIPA membership number.

VKN Financial Services will inform the SAIPA member within 24 hours upon receipt of insurers response accordingly. It is noted that where legal proceedings take place, it is not possible to provide updates on a regular basis as in some instances the appointed attorney maybe waiting for documents or a response from the plaintiff.

VKN Financial Services will acknowledge receipt of the correspondence

VKN Financial Services will acknowledge receipt of the correspondence within 24 hours and will forward the same onto Underwriters.
Contact Us

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