**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY THE DEPUTY OF ST. MARY
ANSWER TO BE TABLED ON TUESDAY 8th SEPTEMBER 2009**

Question

In his statement to the Assembly on 12th May 2009 about the compensation payments to those who had been given "recklessly misleading advice" by Alternate Insurance Services Limited, the Minister said that one of the "exceptional facts" which influenced his decision was that "normal professional indemnity cover became invalid".

As we can take it from the Minister's inclusion of this factor in the list of "exceptional facts" that this would be the normal route of recourse in such a case, just what exactly did the Minister mean by this phrase? Would the Minister explain what exactly happened which made it the case that "normal professional indemnity cover became invalid"?

Answer

In the case of Alternate, I stated examples of exceptional facts which appeared which were not inclusive or exclusive of the exceptional facts that might occur in any other case. I do not think that I can usefully add to what I stated previously. Each case will be considered on its appropriate merits. As the Assembly is aware, my Department is currently considering the issue of investor protection in the round.

In order to satisfy his interest in this case, I would refer the Deputy of St Mary to the Jersey Legal Information website where the relevant facts are set out in a lengthy judgement. Regarding the insurance issue, it appears that the IFA failed to notify his insurers of his knowledge concerning potential claims in good time. This resulted in the insurers having grounds to argue that there was invalidation of the indemnity cover.

As part of a lessons learnt exercise, I understand that the Commission has considered whether this issue could be prevented by requiring firms to have cover that cannot be voided for non-notification. However, it appears that this would be too difficult a requirement to set out in the Codes of Practice since it may well be impossible for a firm to obtain such cover.