

Guidance Note Parental Leave. January 2025

This Guidance Note explains the method of calculating the premium to be paid to Bar Mutual by self-employed barristers ("Members") for periods of parental leave.

Background

1. Until it undertook a review of the premium Bar Mutual charges for periods of parental leave, Members taking parental leave had two options for ensuring they had insurance for periods of parental leave.
2. The first was to purchase cessation cover and for the Member to become a Retired Barrister. Members requiring only the minimum limit of cover of £0.5m would receive a refund on the premium they paid at the start of the policy year for the unexpired portion of the policy year. They would then be provided with free insurance for a future period of six years. Members wishing to hold limits of cover above £0.5m would pay 75% of the average premium they paid for the preceding three years. Their limit of cover would be the highest limit they had in the preceding three years. Members taking cessation cover would give up their practicing certificate for the period of their parental leave and reinstate it on returning to self-employed practice at the Bar. This meant that as they did not hold a practicing certificate they were not authorised to provide legal services for the duration of their parental leave.
3. The second option was for Members to continue as Active Members. Members whose Basic Premium generated cover at a limit of £0.5m but who then bought higher limits of cover were granted the higher limit of cover they had prior to embarking on parental leave for their Basic Premium. These Members did not therefore pay any optional premium (for the incremental increases in cover above £0.5m). In contrast, where a Member's Basic Premium automatically generated a higher limit of cover (usually £2.5m), the cost to these Members for continuing as an Active Member (and therefore maintaining their practicing certificates) was their Basic Premium, to which no reductions were applied.
4. In the course of 2024 Bar Mutual received representations urging a change to the basis on which premiums for periods of parental leave are calculated. Data gathered by the Bar Council shows that Members who retain their practicing certificates are more likely to return to self-employed practice, partly because they are able to maintain a connection to private practice through keeping in touch days ("KIT days"). The longer Members are away from practice the more difficult it is to return.
5. As the Board is keen to encourage Members to return to self-employed practice, and to treat those who take parental leave fairly, it has revised Bar Mutual's policy in relation to the premium charged to Members taking

parental leave (“**the Parental Leave Policy**”). The change took effect from 10 December 2024. The Board considers this policy to be fair to all of its Members, both those who take parental leave and those who do not.

6. Although Members can still choose to retire and therefore take cessation cover, the premium for periods of parental leave (“**the Parental Leave Premium**”) is now intended to make it more attractive for Members to pay this premium rather than retiring from the Bar (even if just for the period of their parental leave).

The Parental Leave Policy

7. Members taking parental leave can choose between (a) paying the Parental Leave Premium, (b) continuing as Active members or (c) taking cessation cover (and so retiring from the Bar).
8. The Parental Leave Policy is intended to encourage Members taking parental leave to retain their practicing certificates and therefore resume their self-employed practice when their periods of parental leave comes to an end. It does this by charging these Members a reduced premium for the period of their parental leave.
9. The Parental Leave Policy works as follows:
 - Members taking parental leave are entitled to a pro-rated refund on the premium paid at the start of the policy year. The refund is in respect of the unexpired portion of the policy year in which they start their parental leave.
 - The premium paid by Members as *Parental Leave Premium* for the period of a policy year during which they are on parental leave is 50% of their three year average premium. This calculation is to include the Basic Contribution (and where applicable the Optional Contribution) (“the Premium”) for the policy year for which the Parental Leave Premium is being calculated and the Premium for the immediately preceding two years.
 - The Parental Leave Premium provides Members with a limit of cover equal to the highest limit of cover they purchased in the preceding three years.
 - The Parental Leave Premium entitles Members to work for up to ten days - Keeping in touch (“**KIT Days**”) - for the duration of their parental leave.
 - Members who provide Legal Services or engage in any of the roles listed in the definition of Insured Practice in Bar Mutual’s Terms of Cover for more than ten KIT days for the period of their parental leave incur an additional premium charge. The charge is

calculated on a daily basis by dividing Members’ total Parental Leave Premium by 365. A 100% uplift is then applied to this daily premium (the “**Leave Uplift Premium**”) for each day worked in addition to the 10 KIT days.

- Members returning from parental leave will receive a refund on their Parental Leave Premium. The refund is calculated using the returning to practice table (“the Table”) shown below.

No of months since parental leave start date	% of contribution to be refunded
1	96
2	92
3	87.5
4	83
5	79
6	75
7	71
8	67
9	62.5
10	58.3
11	54.1
12	50

- When Members return to self-employed practice, they will pay the minimum premium for the policy year. The minimum premium is not pro-rated.

10. Three worked examples of the policy are provided below. Parental Leave Premium is referred to as (“**PLP**”) in the examples.

11. **Example 1:** Member took parental leave from 1 November 2023 to 1 January 2025. Member paid Basic Contribution of £2,500 for the 2023/24 policy year; £2,000 for the 2022/23 year and £1,500 for the 2021/22 year. The figures below include IPT.

Step	Calculation	Premium
1. Refund for unexpired portion of 23/24 policy year: 01/11/23 to 31/03/24	$\text{£}2,500 / 12 = \text{£}208 \times 5 \text{ months}$	Member to receive a refund in premium of (£1,040) on the £2,500 paid at the start of the year
2. Calculate PLP for the 23/24 policy year	50% of the average of $\text{£}2,500 + \text{£}2,000 + \text{£}1,500 \text{ k}$	Member to pay PLP of £1,000 pro-rated for the remaining period of the policy year

3. Calculate PLP for the 24/25 policy year	Member completes a renewal form for the 2024/25 year. Renewal Premium is calculated at £1,000. PLP is calculated at 50% of the average of £1,000 + £2,500 + £2,000	Member to pay PLP of £917
4. Calculate refund of PLP following return in January 25, applying Table	Refund of 62.5% of PLP	Member to be refunded (£573)
5. Calculate premium for remainder of 24/25 policy year	Member pays the minimum premium	£155
Net Premium for period of Parental Leave		£459

12. **Example 2:** Member took parental leave for the 2024/25 policy year. Member's declared income generated a premium of £1,000 for the 2024/25 policy year. Member paid premiums of £1,500 for the 2023/24 policy year and £2,500 for the 2022/23 policy year.

Step	Calculation	Premium
1. Calculate PLP for the 24/25 policy year	50% of the average of £1,000 + £1,500 + £2,500	£833
Net Premium for period of Parental Leave		£833

13. **Example 3:** Member took the first 6 months of the 2024/25 policy year as parental leave and returned on 1 October 2024. Member's declared earning produced premiums of £1,000 for the 2024/25 year, £2,000 for the 2023/24 year and £3,500 for the 2022/23 year.

Step	Calculation	Premium
1. Step 1. Calculate PLP for 24/25 policy year	50% of the average of £1,000 + £2,000 + £3,500	£1,083
2. Step 2: Calculate refund of PLP when Member returns in October, applying Table	75% of £1,083	(£813)
3. Calculate premium for remainder of 24/25 policy year	Member pays the minimum premium	£155
Net Premium for period of Parental Leave		£425

Members or Chambers with questions about the Parental Leave Policy can contact the Bar Mutual by email at: info@barmutual.co.uk