

## News release

# SRA agrees to extend post run-off cover for a year

30 June 2020

We have agreed to extend by a year the use of the Solicitors Indemnity Fund (SIF) to provide post six-year run-off cover for claims against firms which have closed without a successor practice.

This additional cover is separate and additional to the mandatory six-years run off cover which we require firms to have in place, and participating insurers to provide. It is not a regulatory requirement.

The SIF provided the profession's master indemnity insurance until 2000 when the Law Society closed it down and moved to open market insurance. At that time, the Law Society decided SIF would provide this additional post six-year run off cover until 30 September 2017.

In 2012 we agreed a three-year extension so that the cover applies to claims notified to the SIF before 30 September 2020. A further extension request was turned down in 2016.

At a Board meeting last week, it was decided to extend the use of the SIF for post six-year run off cover for another 12 months until 30 September 2021.

The Board had been asked to look at a range of options in the light of a request by the Law Society to push the closure of the SIF back by three years to 2023. Advice considered by the Board of the Solicitors Indemnity Fund Limited indicated that was not affordable, but a shorter extension would be possible.

Our Board recognised alternative products to the protection afforded through the SIF have been slow to develop. Anecdotal evidence appeared to suggest this had been exacerbated by the current hardening market and the insurers desire to focus on mandatory cover. The Board concluded that the additional 12 months will allow affected firms, solicitors and insurers to consider the development of products that can offer post six-year run off cover for those who want this additional insurance.

**Anna Bradley, Chair of the SRA Board**, said: "We know that the insurance market has been hardening and that products for post six-year run-off cover have been slow to develop. This further extension of the use of SIF to provide that extra cover - which is on top of our regulatory

requirements - gives firms and insurers more time to focus on developing additional insurance for those who are interested.

"We urge those affected to use the next 15 months to work with insurers, brokers and the wider profession on products that suit their needs, prior to SIF finally closing."

Papers relating to the June 22 Board are available here:

[Go to the Board papers \[https://higher-rights.sra.org.uk/sra/how-we-work/our-board/public-meetings/archive/\]](https://higher-rights.sra.org.uk/sra/how-we-work/our-board/public-meetings/archive/)