

Closure of the Solicitors Indemnity Fund

The Solicitors Indemnity Fund (SIF) will stop accepting new claims after 30 September 2021.

Currently, SIF provides ongoing cover to firms once their mandatory six-year run-off period has elapsed. The closure means that solicitors may be personally liable for losses from any future claims that are made against firms that have been closed for more than six years.

It's important that you understand what this means for you in order to protect yourself against potential future claims. This is a short summary – links to full details are available at the end.

What you need to do

You'll need to start by reflecting on your risk exposure.

The first thing to consider is areas of work. Some work areas are at greater risk of long-tail claims, such as residential conveyancing, wills and trusts, child personal injury, and matrimonial property.

Secondly, you may be affected differently depending on whether a practice at which you were a principal or employee is now closed, and when the closure took place.

Below we have outlined four groups of members which will be affected differently and suggest practical steps you could take.

Group A: Firms that closed on or before 31 August 2000

These firms are currently covered by SIF. As they closed before the profession moved to purchasing insurance on the open market, arrangements will be made for them to receive ongoing cover after SIF has closed.

Suggested action

If you fall into this group, you may not need to take any action.

Group B: Firms that closed between 1 September 2000 and 30 September 2015

These firms are in SIF, or will be in SIF, by 30 September 2021. This is the group that we believe faces the greatest difficulties as a consequence of SIF's closure. For some time now, we have been actively pursuing options for this group and continue to earnestly engage with the insurance industry to find a solution. However, there are currently limited alternatives available.

Suggested action:

1. If you're aware of any matter which could give rise to a claim and can identify the former client who was affected, consider contacting that client (or their beneficiaries) and encouraging them to register a claim with SIF prior to 30 September 2021.
2. Gather and keep whatever relevant paperwork you still have available relating to your practice and indemnity insurance records, including previous applications and claims.
3. If you had a good claims history and paid your excesses and run-off premium, consider approaching your former broker or underwriter to see if they're willing to consider providing you with supplementary run-off cover. This would not have to be on the same terms as your original mandatory run-off cover.
4. If you were part of a traditional partnership, you may want to discuss with your former partners whether and how you would pay for any supplementary cover.

Group C: Firms that have closed since 1 October 2015

These firms have closed, and they will never benefit from SIF because it will stop accepting new claims before their mandatory six-year run-off period comes to an end. Unless alternative arrangements are made, these firms will be left without protection once their run-off cover expires.

Suggested action

For former principals, we suggest that you take the practical steps outlined in points 2 through 4 above and preserve any records which may be of assistance in dealing with future claims.

Group D: Existing firms

Unless alternative arrangements are made, existing firms will be left without protection once their run-off cover expires. However, there are still precautionary measures that firms can take to reduce their long-term exposure.

Suggested action

- Principals of existing sole practices or partnerships should consider incorporating as a limited liability company, as this will reduce personal exposure to claims arising from work carried out subsequent to incorporation. But you should take independent advice on this, as it may have other consequences for your practice.
- Work to improve risk management systems, and carefully consider whether you should stop taking on any new work in areas with a higher risk of long-tail claims. Retain records of any such work you've done previously, or do in the future, in order to defend any claims that may arise subsequently.
- Principals should also think about their likely need for supplementary run-off cover, and how they'll pay for it. Consider setting aside funds now or start to implement a plan to help you to pay for your mandatory and supplementary run-off cover in the future.

To find out more about the SIF closure and register for updates

- Visit www.lawsociety.org.uk/SIF-closure for the full details on the closure of SIF, its impact on closed, existing and new firms, and practical steps to take for principals and employees.
- [Sign up or log in to My LS](#) and add the 'Solicitors Indemnity Fund' topic. Select 'Manage topics' and search for 'Solicitors Indemnity Fund'.
- Register interest in receiving further information by calling the Support Centre of the Law Society of England & Wales on **020 7242 1222** and leaving your contact information, or email SIF@lawsociety.org.uk to be included in future updates.