



# **CILEx PROFESSIONAL INDEMNITY INSURANCE RULES**

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### Authority and Interpretation

1. (1) Responsibility for the application and administration of these Rules is delegated by CILEx to CILEx Regulation.

~~—~~(2) In these Rules, unless otherwise provided:

<b>Authorised Entity:</b>	means a partnership (including a limited liability partnership), company or sole principal authorised <u>or licensed</u> by CILEx under the Legal Services Act 2007 to: <ol style="list-style-type: none"> <li>(a) carry on an activity which is a reserved legal activity; or</li> <li>(b) provide immigration advice or immigration services;</li> </ol>
<b><u>Approved Manager:</u></b>	<u>has the same meaning as in the CILEx Authorisation Rules;</u>
<b>Cessation Period:</b>	means, in respect of an Authorised Entity: <ol style="list-style-type: none"> <li>(a) that has ceased business and paid the requisite run-off premium, the period of 60 days from the end of an Indemnity Period; and</li> <li>(b) that has not ceased business but is unable to renew or obtain qualifying insurance, the period of 60 days from the end of an Extended Indemnity Period;</li> </ol>
<b><del>CILEx:</del></b>	<del>means the Chartered Institute of Legal Executives;</del>
<b><u>CILEx:</u></b>	<u>means the Chartered Institute of Legal Executives;</u>
<b><u>CILEx Regulation:</u></b>	<u>means CILEx Regulation Limited;</u>
<b><u>Compliance Manager:</u></b>	<u>has the same meaning as in the CILEx Authorisation Rules;</u>
<b>Extended Indemnity Period:</b>	means the period of 30 days from the end of an Indemnity Period, during which a policy of qualifying insurance continues to have effect;
<b><u>Head of Legal Practice:</u></b>	<u>has the same meaning as in the CILEx Regulation Licensing Rules;</u>
<b>Indemnity Period:</b>	means any period of one year during which indemnity cover is provided to an Authorised Entity under a policy of qualifying insurance;

<b>Minimum Wording:</b>	means the minimum policy wording prescribed by CILEx Regulation from time to time which must form part of a policy of qualifying insurance;
<b>qualifying insurance:</b>	means a policy of indemnity insurance that is provided by a qualifying insurer which provides cover in accordance with the Minimum Wording and the Qualifying Insurers' Agreement;
<b>qualifying insurer:</b>	means an insurer who is a party to a Qualifying Insurers' Agreement which remains in force for the purpose of issuing new policies of qualifying insurance;
<b>Qualifying Insurers' Agreement</b>	means an agreement between CILEx Regulation and one or more insurers for the provision by those insurers of qualifying insurance to Authorised Entities;
<b>regulated legal activity:</b>	means: (a) a reserved legal activity; or (b) immigration advice or immigration services;
<b>reserved legal activity:</b>	has the same meaning as in the Legal Services Act 2007;
<b>run-off premium:</b>	means the premium which an Authorised Entity is liable to pay under a policy of qualifying insurance for the provision of run-off cover for the period of six years after the Authorised Entity has ceased to carry on business.

(3) Subject to paragraph (2), the Interpretation Act 1978 applies to these Rules as if they were an Act of Parliament.

### Insurance Obligation

2. (1) Every Authorised Entity carrying on one or more regulated legal activity during any Indemnity Period must have qualifying insurance.
- (2) A person who is the Compliance Manager or Head of Legal Practice of an Authorised Entity must ensure that the Authorised Entity complies with Paragraph (1) and the other requirements of these Rules.

### Cessation

3. (1) An Authorised Entity that has been unable to renew or obtain qualifying insurance before the end of an Extended Indemnity Period must cease practice promptly and by no later than the end of the Cessation Period.

- (2) During a Cessation Period, the Authorised Entity may only engage in activities connected with private legal practice to discharge its obligations within the scope of instructions given to the Authorised Entity before the Cessation Period or which are necessary in connection with the discharge of such obligations.
- (3) An Authorised Entity that ceases practice for any reason must:
  - (a) within 28 days of ceasing business:
    - (i) pay the run-off premium to its qualifying insurer, or
    - (ii) obtain alternative and equivalent run-off cover from another qualifying insurer; or
  - (b) where it is unable to comply with paragraph (a), promptly inform CILEx Regulation.

### **Insolvency of Qualifying Insurer**

4. If a qualifying insurer is the subject of an insolvency event, an Authorised Entity that is insured by that insurer must obtain qualifying insurance from another qualifying insurer as soon as reasonably practicable and in any event within four weeks of the insolvency event.

### **Monitoring**

5. CILEx Regulation may require an Authorised Entity that is, or is reasonably believed by CILEx Regulation to be, conducting business to provide CILEx Regulation with such information as it may reasonably require to be satisfied that the Authorised Entity has qualifying insurance.

### **Use of Information**

6. (1) A qualifying insurer, in relation to any Authorised Entity which applies to it for qualifying insurance, must inform CILEx Regulation of:
  - (a) any failure by the Authorised Entity to pay any premium or to reimburse any part of a policy excess which has been paid to a claimant by the qualifying insurer;
  - (b) a material inaccuracy in any proposal form submitted by or on behalf of the Authorised Entity;
  - (c) any matter or circumstances that, but for the provisions of the Minimum Wording, would entitle a qualifying insurer to avoid or repudiate the Authorised Entity's policy;
  - (d) any suspected dishonesty or fraud by or on behalf of the Authorised Entity;
  - (e) any claim of inadequate professional services made against the Authorised Entity of which the qualifying insurer is aware; and

- (f) any matter or circumstances that would entitle the qualifying insurer to receive a run-off premium from the Authorised Entity.
- (2) A qualifying insurer may provide information to CILEx Regulation under Paragraph (1) without giving notice to the Authorised Entity concerned.

### Insurance Details

- 7. (1) An Authorised Entity must provide details of its qualifying insurance when requested to do so by a person who asserts a claim against that policy or has any other legitimate interest in the information.
- (2) The details which must be provided under Paragraph (1) are:
  - (a) the name of the qualifying insurer(s);
  - (b) the policy number(s); and
  - (c) the address and contact details of the qualifying insurer(s) for the purpose of making any claim.

### Accountants' Reports

- 8. Any accountant's report which an Authorised Entity is required to deliver to CILEx Regulation under the CILEx ~~Regulation~~ Accounts Rules must contain a statement certifying (if it is the case) that, for the period covered by the report, the Authorised Entity had proof of qualifying insurance.

### Disciplinary Consequences of Non-compliance

- 9. Failure by an Authorised Entity or a person who is an Approved Manager, Compliance Manager or Head of Legal Practice of an Authorised Entity to comply with these Rules may be treated as misconduct.

### Waiver

- 10. (1) CILEx Regulation may waive any provision of these Rules as it thinks fit.
- (2) A waiver may:
  - (a) apply in a particular case or cases;
  - (b) include extending the time, prospectively or retrospectively, for the doing of any act under any Rule; and
  - (c) be subject to such terms and conditions as CILEx Regulation thinks fit.
- (3) Any application for a waiver must be made in writing to CILEx Regulation as soon as reasonably practicable and the making of an application shall not relieve an Authorised Entity or any person from any obligation under these Rules.

[Date]