

SRA Indemnity (Enactment) Rules ~~2011~~2012

These rules consist of one part split into ~~three~~two rules. The SRA Indemnity Rules ~~2011~~2012 form the annex to these rules.

Part 1: The enactment rules

Rule 1: Authority

- 1.1 These Rules are made on ~~17 June 2011~~[date to be inserted] by the Solicitors Regulation Authority Board under sections 37, 79 and 80 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, and paragraph 19 of Schedule 11 to the Legal Services Act 2007, with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007.

Rule 2: Commencement and application

- 2.1 The Solicitors' Indemnity Rules 1987 as amended from time to time shall be further amended with effect from 1 October ~~2011~~2012 and shall continue in force thereafter in the form annexed hereto in which form they may be known as the SRA Indemnity Rules ~~2011~~2012.
- 2.2 The Solicitors' Indemnity (Incorporated Practice) Rules 1991 as amended from time to time shall continue in force only in respect of the *indemnity periods* commencing on 1 September 1991 and 1 September 1992.
- 2.3 The *contributions* payable in respect of the *indemnity periods* commencing prior to 1 September 1996 shall remain unaltered.
- 2.4 In respect of any *indemnity periods* commencing on or after 1 September 1996 the *Society* shall retain the power under Rule 35 of the Solicitors' Indemnity Rules 1996 to determine supplementary *contributions* in respect of any such period.
- 2.5 The indemnity available in respect of the *indemnity periods* commencing prior to 1 October ~~2011~~2012 shall remain unaltered.
- 2.6 In these Rules the terms in italics will have the meaning set out in Rule 3.1 of the SRA Indemnity Rules ~~2011~~2012 annexed hereto.

~~Rule 3: Transitional provisions~~

- ~~3.1 These Rules shall not apply to *licensed bodies* until such time as the *Society* is designated as a *licensing authority* under Part 1 of Schedule 10 to the *LSA* and all definitions shall be construed accordingly.~~

~~References to these Rules being made under paragraph 19 of Schedule 11 to the Legal Services Act 2007 shall have no effect until such time as the *Society* is designated as a *licensing authority* under Part 1 of Schedule 10 to the *LSA*.~~

SRA Indemnity Rules ~~2014~~2012

These rules form the annex to the SRA Indemnity (Enactment) Rules ~~2014~~2012.

Part 1: General provisions and interpretation

Rule 1: Authority

- 1.1 These Rules are made on ~~17 June 2014~~[date to be inserted] by the Solicitors Regulation Authority Board under sections 37, 79 and 80 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, and paragraph 19 of Schedule 11 to the Legal Services Act 2007, with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007.
- 1.2 These Rules regulate indemnity provision in respect of the practices of *solicitors*, *recognised bodies*, *RELS*, *RFLs*, and *licensed bodies* in respect of their *regulated activities* and certain other European lawyers, carried on wholly or in part in England and Wales.

Rule 2: Citation

- 2.1 These Rules may be cited as the SRA Indemnity Rules ~~2014~~2012.

Rule 3: Definitions and interpretation

~~3.1 For the purposes of these Rules:~~

~~AJA~~

~~means the Administration of Justice Act 1985;~~

~~approved regulator~~

~~means any body listed as an approved regulator in paragraph 1 of Schedule 4 to the LSA or designated as an approved regulator by an order under paragraph 17 of that Schedule;~~

~~contributions~~

~~means contributions previously made to the **fund** in accordance with Part III of the Solicitors' Indemnity Rules 2007 (or any earlier corresponding provisions), and any additional sums paid in accordance with Rule 16 of these Rules;~~

~~Council~~

~~has the meaning given in section 87 of the SA;~~

~~eligible former principal~~

~~means a **principal** of a **previous practice** where:~~

- ~~(i) — that **previous practice** ceased on or before 31 August 2000; and~~
- ~~(ii) — a **relevant claim** is made in respect of any matter which would have given rise to an entitlement of the **principal** to indemnity out of the **fund** under the Solicitors' Indemnity Rules 1999 had the claim been notified to Solicitors Indemnity Fund Limited on 31 August 2000; and~~
- ~~(iii) — the **principal** has not at any time been a "principal" of the **relevant successor practice** ("principal" having the meaning applicable to the **SIIR**); and~~
- ~~(iv) — at the time that the **relevant claim** is made the **principal** is not a "principal" in "private practice" ("principal" and "private practice" having the meanings applicable to the **SIIR**);~~

Establishment Directive

~~— means the Establishment of Lawyers Directive 98/5/EC;~~

expired run-off claim

~~means any claim made against the **fund** for indemnity under these Rules in respect of which no **preceding qualifying insurance** remains in force to cover such claim, by reason only of:~~

- ~~(i) — the run-off cover provided or required to be provided under the policy having been activated; and~~
- ~~(ii) — the sixth anniversary of the date on which cover under such **qualifying insurance** would have ended but for the activation of such run-off cover having passed; or~~
- ~~(iii) — (in the case of a **firm in default** or a **run-off firm**) the period of run-off cover provided or required to be provided under arrangements made to cover such claim through the **ARP** having expired;~~

expired run-off cover

~~means either:~~

- ~~(i) — (unless (ii) below applies) the terms of the **ARP policy** in force at the time immediately prior to the date on which run-off cover was triggered under the **preceding qualifying insurance**, excluding clause 5 (Run-off cover) of the **MTC**, as if it were a contract between Solicitors Indemnity Fund Limited and the firm or person making an **expired run-off claim**; or~~
- ~~(ii) — where they are provided to Solicitors Indemnity Fund Limited prior to payment of the **claim**, the terms of the **preceding qualifying insurance**, provided that:~~

- (A) ~~references in the **preceding qualifying insurance** to the **qualifying insurer** that issued such insurance shall be read as references to Solicitors Indemnity Fund Limited;~~
- (B) ~~any obligation owed by any insured under the **preceding qualifying insurance** to the **qualifying insurer** which issued such insurance shall be deemed to be owed to Solicitors Indemnity Fund Limited in place of such **qualifying insurer**, unless and to the extent that Solicitors Indemnity Fund Limited in its absolute discretion otherwise agrees;~~
- (C) ~~the obligations of the **fund** and/or any **insured** in respect of an **expired run-off claim** shall neither exceed nor be less than the requirements of the **MTC** which, in accordance with the applicable **SIIR**, such **preceding qualifying insurance** included or was required to include.~~

~~Solicitors Indemnity Fund Limited shall be under no obligation to take any steps to obtain the terms of any such **preceding qualifying insurance**, which for these purposes includes the terms on which it was written in respect of the **insured firm** or **person** in question, and not merely a standard policy wording.~~

foreign lawyer

~~means an individual who is not a solicitor or barrister of England and Wales, but who is a member, and entitled to practise as such, of a legal profession regulated within a jurisdiction outside England and Wales;~~

fund

~~means the fund maintained in accordance with these Rules;~~

indemnity period

~~means the period of one year commencing on 1 September in any calendar year from 1987 to 2002 inclusive, the period of 13 calendar months commencing on 1 September 2003, and the period of one year commencing on 1 October in any subsequent calendar year;~~

legal activity

~~has the meaning given in section 12 of the **LSA** and includes any **reserved legal activity** and any other activity which consists of the provision of legal advice or assistance, or representation in connection with the application of the law or resolution of legal disputes;~~

licensed body

~~means a body licensed by The SRA under Part 5 of the **LSA**;~~

licensing authority

means an ~~approved regulator~~ which is designated as a licensing authority under Part 1 of Schedule 10 to the ~~LSA~~, and whose licensing rules have been approved for the purposes of the ~~LSA~~;

LLP

means a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000;

LSA

means the Legal Services Act 2007;

master policy

means a policy referred to in Rule 5;

master policy insurer

means an insurer under a **master policy**;

member

means a member of a practice being:

- (i) any principal (including any **principal**) therein;
- (ii) any director or officer thereof, in the case of a **recognised body** or a **licensed body** which is a company;
- (iii) any member thereof in the case of a **recognised body** or a **licensed body** which is an **LLP**;
- (iv) any **recognised body** or a **licensed body** which is a **partner** or held out to be a **partner** therein and any officer of such **recognised body** or a **licensed body** which is a company, or any member of such **recognised body** or a **licensed body** which is an **LLP**;
- (v) any **person** employed in connection therewith (including any trainee **solicitor**);
- (vi) any **solicitor** or **REL** who is a consultant to or associate in the practice;
- (vii) any **foreign lawyer** who is not an **REL** and who is a consultant or associate in the practice; and
- (viii) any **solicitor** or **foreign lawyer** who is working in the practice as an agent or locum tenens, whether he or she is so working under a contract of service or contract for services;

and includes the estate and/or personal representative(s) of any such **persons**;

non-registered European lawyer

means a member of a legal profession which is covered by the **Establishment Directive**, but who is not:

(i) ~~— a **solicitor, REL or RFL,**~~

(ii) ~~— a barrister of England and Wales, Northern Ireland or the Irish Republic, or~~

(iii) ~~— a Scottish advocate;~~

overseas

~~means outside England and Wales;~~

overseas practice

~~means a **practice** carried on wholly from an **overseas** office or offices, including a **practice** deemed to be a **separate practice** by virtue of paragraph (ii) of the definition of **separate practice**;~~

panel solicitors

~~means any solicitors appointed by the Solicitors Indemnity Fund in accordance with clause 14.15 of these Rules;~~

partner

~~means a **person** who is or is held out as a partner in a **partnership**;~~

partnership

~~means an unincorporated body in which persons are or are held out as **partners** and does not include a body incorporated as an **LLP**;~~

person

~~means an individual or a body of persons (corporate or unincorporated);~~

practice

~~means a practice to the extent that:~~

(i) ~~— in relation to a **licensed body**, it carries on **regulated activities**; and~~

(ii) ~~— in all other cases, it carries on **private practice** providing professional services as a sole **solicitor** or **REL** or as a **partnership** of a type referred to in Rule 6.1(d) to 6.1(f) and consisting of or including one or more **solicitors** and/or **RELS**, and shall include the business or practice carried on by a **recognised body** in the providing of professional services such as are provided by individuals practising in **private practice** as **solicitors** and/or **RELS** or by such individuals in **partnership** with **RFLs**, whether such practice is carried on by the **recognised body** alone or in **partnership** with one or more **solicitors, RELs** and/or other **recognised bodies**;~~

preceding qualifying insurance

means, in the case of any ~~*firm*~~ or ~~*person*~~ who makes an ~~*expired run-off claim*~~, the policy of ~~*qualifying insurance*~~ which previously provided run-off cover in respect of that ~~*firm*~~ or ~~*person*~~, or which was required to provide such cover, or (in the case of a ~~*firm in default*~~ or a ~~*run-off firm*~~) arrangements to provide such run-off cover through the ~~*ARP*~~;

~~previous practice~~

means any ~~*practice*~~ which shall have ceased to exist as such (for whatever reason, including by reason of (i) any death, retirement or addition of ~~*principals*~~ or (ii) any split or cession of the whole or part of its practice to another without any change of ~~*principals*~~);

~~principal~~

means:

- (i) ~~— a *solicitor* who is a *partner* or a sole solicitor within the meaning of section 87 of the *SA*, or an *REL* who is a *partner*, a *recognised body* or who on or before 31 March [Handbook Glossary 2012](#) or the date on which an order made pursuant to section 69 of the *LSA* relating to the status of sole practitioners comes into force, whichever is the later, was a sole practitioner, or a *RFL* or *non-registered European lawyer* who is a *partner*, and includes any *solicitor*, *REL*, *RFL* or *non-registered European lawyer* held out as a principal; and~~
- (ii) ~~— additionally in relation to a *practice* carried on by a *recognised body* or a *licensed body* alone, or a *practice* in which a *recognised body* or a *licensed body* is or is held out to be a *partner*:~~
 - (A) ~~— a *solicitor*, *REL*, *RFL* or *non-registered European lawyer* (and in the case of a *licensed body* any other *person*) who:~~
 - (I) ~~— beneficially owns the whole or any part of a share in such *recognised body* or *licensed body* (in each case, where it is a company with a share capital); or~~
 - (II) ~~— is a member of such *recognised body* or *licensed body* (in each case, where it is a company without a share capital or an *LLP* or a *partnership* with legal personality); or~~
 - (B) ~~— a *solicitor*, *REL*, *RFL* or *non-registered European lawyer* (and in the case of a *licensed body* any other *person*) who is:~~
 - (I) ~~— the ultimate beneficial owner of the whole or any part of a share in such *recognised body* or *licensed body* (in each case, where the *recognised body* or *licensed body* is a company with a share capital); or~~
 - (II) ~~— the ultimate owner of a member or any part of a member of such *recognised body* or *licensed body* (in each case,~~

where the ~~**recognised body**~~ or ~~**licensed body**~~ is a company without a share capital or an ~~**LLP**~~ or a ~~**partnership**~~ with legal personality);

~~private practice~~

shall be deemed to include:

- (i) ~~the acceptance and performance of obligations as trustees;~~
- (ii) ~~notarial practice where a solicitor notary operates such notarial practice in conjunction with a solicitor's practice, whether or not the notarial fees accrue to the benefit of the solicitor's practice;~~

but does not include:

- (iii) ~~practice to the extent that any fees or other income accruing do not accrue to the benefit of the **practice** carrying on such practice (except as provided by paragraph (ii) in this definition);~~
- (iv) ~~practice by a **solicitor** or **REL** in the course of his or her employment with an employer other than a **solicitor**, **REL**, **recognised body**, **licensed body** or **partnership** such as is referred to in Rule 6.1(d) to 6.1(f); in which connection and for the avoidance of doubt:~~
 - (A) ~~any such **solicitor** or **REL** does not carry on private practice when he or she acts in the course of his or her employment for persons other than his or her employer;~~
 - (B) ~~any such **solicitor** or **REL** does not carry on private practice merely because he or she uses in the course of his or her employment a style of stationery or description which appears to hold him or her out as a **principal** or **solicitor** or **foreign lawyer** in private practice;~~
 - (C) ~~any practice carried on by such a **solicitor** outside the course of his or her employment will constitute private practice;~~
- (v) ~~discharging the functions of the following offices:~~
 - (A) ~~judicial office;~~
 - (B) ~~Under Sheriffs;~~
 - (C) ~~members and clerks of such tribunals, committees, panels and boards as the **Council** may from time to time designate but including those subject to the Tribunals and Inquiries Act 1992, the Competition Commission, Legal Services Commission Review Panels and Parole Boards;~~
 - (D) ~~Justices' Clerks;~~
 - (E) ~~Superintendent Registrars and Deputy Superintendent Registrars of Births, Marriages and Deaths and Registrars of Local Crematoria;~~

~~(F) — such other offices as the **Council** may from time to time designate;~~

recognised body

~~means a body recognised by the **SRA** under section 9 of the **AJA**;~~

regulated activity

~~means:~~

~~(i) — any **reserved legal activity**;~~

~~(ii) — any other **legal activity**; and~~

~~(iii) — any other activity in respect of which a **licensed body** is regulated pursuant to Part 5 of **LSA**;~~

regulated person

~~has the meaning given in section 21 of the **LSA**;~~

REL

~~means registered European lawyer, namely an individual registered with the **SRA** under regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000 no. 1119);~~

relevant claim

~~means a claim made on or after 1 September 2000 against a **relevant successor practice**;~~

relevant indemnity period

~~in relation to **contributions** or indemnity means that **indemnity period** in respect of which such **contributions** are payable or such indemnity is to be provided in accordance with these Rules;~~

relevant successor practice

~~means in respect of a **previous practice**, a **successor practice** or a "successor practice" (as defined in Appendix 1 to the **SIIR**) (as may be applicable) against which a **relevant claim** is made;~~

reserved legal activity

~~has the meaning given in section 12 of the **LSA**, and includes the exercise of a right of audience, the conduct of litigation, reserved instrument activities, probate activities, notarial activities and the administration of oaths, as defined in Schedule 2 to the **LSA**;~~

RFL

means registered foreign lawyer, namely, an individual registered with the SRA under section 89 of the Courts and Legal Services Act 1990;

SA

means the Solicitors Act 1974;

separate practice

means:

- (i) a **practice** in which the number and identity of the **principals** is not the same as the number and identity of the **principals** in any other **practice**. When the same **principals** in number and identity carry on practice under more than one name or style, there is only one **practice**;
- (ii) in the case of a **practice** of which more than 25% of the **principals** are **foreign lawyers**, any **overseas** offices shall be deemed to form a separate practice from the offices in England and Wales;
- (iii) in the case of an **overseas** office of a **practice**, the fact that a **principal** or a limited number of **principals** represent all the **principals** in the **practice** on a local basis shall not of itself cause that **overseas** office to be a separate practice provided that any fee or other income arising out of that office accrues to the benefit of the **practice**; and
- (iv) in the case of a **recognised body** or **licensed body** the fact that all of the shares in the **recognised body** or **licensed body** (as the case may be) are beneficially owned by only some of the **principals** in another **practice**, shall not, of itself, cause such a **recognised body** or **licensed body** (as the case may be) to be a separate practice provided that any fee or other income arising out of the **recognised body** or **licensed body** accrues to the benefit of that other **practice**;

SIIR

means the Solicitors' Indemnity Insurance Rules 2000 to 2010 or **SRA Indemnity Insurance Rules** or any rules subsequent thereto;

Society

means the Law Society, in accordance with section 87 of the **SA**;

solicitor

means a **person** who has been admitted as a solicitor of the Senior Courts of England and Wales and whose name is on the roll kept by the **Society** under section 6 of the **SA**;

SRA

means the Solicitors Regulation Authority, and reference to the SRA as an **approved regulator** or **licensing authority** means the SRA carrying out regulatory

functions assigned to the ~~Society~~ as an ~~approved regulator or licensing authority~~;

SRA Authorisation Rules

means the ~~SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011~~;

SRA Indemnity Insurance Rules

means the ~~SRA Indemnity Insurance Rules 2011~~.

~~3.2 "ARP policy", "ARP", "claim", "circumstances", "firm in default", "insured", "insured firm", "MTC", "qualifying insurance" and "run-off firm" each have the meaning respectively given to such expressions in the ~~SIR~~ in force at the time immediately prior to the date on which run-off cover was triggered under the ~~preceding qualifying insurance~~.~~

~~3.33.1 In these Rules, (the **Glossary**) shall apply and~~ unless the context otherwise requires:

~~(a) all italicised terms shall be defined in accordance with~~ the singular includes **Glossary**;

~~(a)(b) terms shall be interpreted in accordance with~~ the plural, and vice versa **Glossary**;

~~(b)(c) a reference to a Rule is to a Rule forming part of these Rules, except in relation to Schedule 1 where a reference to a rule is to a rule in the Solicitors' Indemnity Rules 1999;~~

~~(e) a reference to any statute, statutory provision, or regulation includes:~~

~~(i) any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) made under it; and~~

~~(ii) any provision which it has superseded or re-enacted (with or without modification) or amended, and any provision superseding it or re-enacting it (with or without modification) or amending it either before, or at the date of the commencement of these Rules, or after the date of the commencement of these Rules;~~

~~(d) headings are for ease of reference only and shall not affect the interpretation of these Rules;~~

~~(e)(d) the Schedule to these Rules forms part of these Rules; and~~

~~(f) the terms in italics will have the meaning set out in Rule 3.1 and 3.2.~~

~~(g)(e) these Rules will be governed by and interpreted in accordance with English law.~~

~~3.4 — These Rules shall not apply to **licensed bodies** until such time as the **Society** is designated as a **licensing authority** under Part 1 of Schedule 10 to the **LSA** and all definitions shall be construed accordingly.~~

~~3.5 — References to these Rules being made under paragraph 19 of Schedule 11 to the Legal Services Act 2007 shall have no effect until such time as the **Society** is designated as a **licensing authority** under Part 1 of Schedule 10 to the **LSA**.~~

Rule 4: Establishment and maintenance of fund

4.1 The **Society** shall maintain the **fund** in accordance with these Rules.

4.2 The purpose of the **fund** is to provide indemnity against loss as mentioned in section 37 of the **SA** as extended by section 9 of the **AJA**, Schedule 4 paragraph 1(3) of the European Communities (Lawyer's Practice) Regulations 2000 and section 89 of the Courts and Legal Services Act 1990 in the circumstances, to the extent and subject to the conditions and exclusions specified by the Solicitors' Indemnity Rules 1987 as the same have been and are in force and amended and applied from time to time and by any future Rules continuing, amending, adding to, applying or re-enacting such or other Rules to provide such indemnity in respect of annual **indemnity periods** (starting in 1987) unless and until otherwise determined by future Rules.

4.3 The **fund** shall be maintained by **contributions** previously made by or on behalf of **solicitors, recognised bodies, RELs** and **RFLs** in respect of each **indemnity period** in accordance with Part III of the Solicitors' Indemnity Rules ~~2007~~2011 (or any earlier corresponding provisions), and by any additional **contributions** in accordance with Rule 16.

4.4 The **Society** may maintain the **fund** as a single continuous **fund**, and any deficiency in respect of one **indemnity period** may be met in whole or part from **contributions** in respect of another **indemnity period** or **indemnity periods** and any balance in respect of one **indemnity period** may be applied to the benefit of any other **indemnity period** or **indemnity periods**.

4.5 The **fund** shall be held, managed and administered in accordance with Part IV of these Rules by Solicitors Indemnity Fund Limited, a company set up by the **Society** for this purpose, or by such other **person** or **persons** (including the **Society** itself) as the **Society** may designate for such purpose, in place of Solicitors Indemnity Fund Limited. References in these Rules to Solicitors Indemnity Fund Limited shall include any such other **person** or **persons**.

Rule 5: Indemnity Periods before 1 September 1987

5.1 The policies taken out and maintained and the certificates issued by the **Society** pursuant to the Solicitors' Indemnity Rules 1975 to 1986 shall continue to provide cover subject to and in accordance with their terms in respect of their respective periods up to and including 31 August 1987. They shall not provide cover in respect of any subsequent period.

Rule 6: Application of the Rules

6.1 These Rules shall apply to a *practice* carried on by:

- (a) a sole *solicitor*;
- (b) an *REL* practising on or before 31 March 2012 or the date on which an order made pursuant to section 69 of the *LSA* relating to the status of sole practitioners comes into force, whichever is the later, as a *sole practitioner*;
- (c) a *recognised body*;
- (d) a *partnership* consisting of one or more *solicitors* and/or *RELS* and/or *recognised bodies* and/or *licensed bodies*;
- (e) a *partnership* consisting of one or more *solicitors* and/or *RELS*, together with one or more *RFLs*;
- (f) a *partnership* consisting of one or more *RELS* with or without one or more *RFLs*, together with one or more *non-registered European lawyers* practising from one or more offices in any state to which the *Establishment Directive* applies, but outside England and Wales; and
- (g) a *licensed body* in respect of its *regulated activities*.

Rule 7: Scope of indemnity

7.1 The following *persons*, namely:

- (a) *solicitors*, former *solicitors*, *RELS*, *persons* formerly practising as *RELS*, *RFLs* practising in *partnership* with *solicitors* or *RELS*, *persons* formerly practising as *RFLs* in *partnership* with *solicitors* or *RELS*, *non-registered European lawyers* practising in *partnership* with *RELS*, and *persons* formerly practising as *non-registered European lawyers* in *partnership* with *RELS*;
- (b) employees and former employees of the above;
- (c) *recognised bodies* and former *recognised bodies*;
- (d) officers and employees and former officers and employees of *recognised bodies* and former *recognised bodies*;
- (e) *licensed bodies* and former *licensed bodies* in respect of their *regulated activities*; and
- (f) *regulated persons*, including officers and employees and former officers and employees of *licensed bodies*,

shall be provided with indemnity out of the *fund* against loss arising from claims in respect of civil liability incurred in *private practice* in their aforesaid capacities or former capacities in the manner set out in Rule 10 and in the circumstances, to the

extent and subject to the conditions and exclusions set out in Part II of these Rules and not otherwise.

Part 2: Indemnity cover

Rule 8: Indemnity

Indemnity for ceased practices

8.1 Any *member* of a *previous practice* which ceased on or before 31 August 2000 who has at any time been either:

- (a) an assured as a result of the issue of a certificate under one or more of the *master policies*, or
- (b) a *person* entitled to be indemnified by virtue of the issue of a receipt under the Solicitors' Indemnity Rules 1987-1990 or a payment of Contribution and Value Added Tax thereon as stated in the Solicitors' Indemnity Rules 1991-1999,

and who is not, at the time during the *indemnity period* when a claim is first made or intimated against him or her or when circumstances which might give rise to such a claim are first notified by him or her to Solicitors Indemnity Fund Limited, a *person* entitled or required to be indemnified in respect of claims arising from that *previous practice* by a policy of *qualifying insurance* or otherwise under the *SIIR*,

and the *previous practice*

shall be entitled to indemnity out of the *fund* in the manner, to the extent and subject to the conditions and exclusions set out in these Rules against:

- (c) all loss (including liability for third party claimants' costs) incurred by the *previous practice* or any *member* thereof at any time arising directly from:
 - (i) any claim(s) first made or intimated against the *previous practice* or any *member* thereof during the *indemnity period* in respect of any description of civil liability whatsoever which may have been incurred in *private practice* by the *previous practice* or by a *member* as a *member* of such *previous practice*;
 - (ii) any claim in respect of any such description of civil liability as aforesaid, made or intimated against the *previous practice* or any *member* thereof, whether during or subsequent to the *indemnity period* arising out of circumstances notified to Solicitors Indemnity Fund Limited during the *indemnity period* as circumstances which might give rise to such a claim; and
- (d) all costs and expenses incurred with the consent of Solicitors Indemnity Fund Limited (such consent not to be unreasonably withheld) in the defence or settlement or compromise of any such claim as aforesaid.

Eligible former principals

- 8.2 Rule 8.1 shall apply in addition in respect of any *principal* of a *previous practice* that is an *eligible former principal*.
- 8.3 In respect of any claim referred to in Rule 8.2 made by an *eligible former principal*, the extent of the indemnity (if any) to be provided by Solicitors Indemnity Fund Limited shall be limited to an amount equal to the lesser of:
- (a) the Due Proportion of the Deductible (excluding any Penalty Deductible) in respect of the *eligible former principal* that would have been disregarded by Solicitors Indemnity Fund Limited in relation to the claim had it been made under the Solicitors' Indemnity Rules 1999; and
 - (b) such amount if any which the *relevant successor practice* is entitled to and seeks to recover from the *eligible former principal* in relation to the claim.
- 8.4 For the purposes of Rule 8.3, "Due Proportion", "Deductible" and "Penalty Deductible" shall have the meanings respectively given to them by the Solicitors' Indemnity Rules 1999, as set out in Schedule 1 to these Rules.

Expired run-off claims

- 8.5 Any firm or *person* shall be entitled to indemnity out of the *fund* in the manner, to the extent and subject to the conditions and exclusions set out in this Rule 8.5, in relation to an *expired run-off claim*, provided that:
- (a) such claim is first notified to Solicitors Indemnity Fund Limited at any time between 1 September 2007 and 30 September ~~2017~~2020; and
 - (b) there is no *preceding qualifying insurance* which provides cover for such claim; and
 - (c) such claim does not relate to or arise out of any *claim* first made against an *insured* or *circumstances* first notified to the provider of such *preceding qualifying insurance*, in either case at a time when such *preceding qualifying insurance* was required to provide cover in respect thereof; and
 - (d) such *person* was an *insured* under the relevant *preceding qualifying insurance*.

Notwithstanding any other provision of these Rules:

- (e) the obligations of the *fund* and/or any *insured* in respect of an *expired run-off claim* shall be in accordance with, and limited to, the *expired run-off cover*; and
- (f) any obligation owed by any *insured* under the *preceding qualifying insurance* to the *qualifying insurer* which issued such insurance shall be deemed to be owed to Solicitors Indemnity Fund Limited in place of such *qualifying insurer*, unless and to the extent that Solicitors Indemnity Fund Limited in its absolute discretion otherwise agrees.

Rule 9: Exclusions from cover

- 9.1 The *fund* shall not afford any indemnity in respect of any loss arising out of any claim:
- (a) for death, bodily injury, physical loss or physical damage to property of any kind whatsoever (other than property in the care, custody and control of the *previous practice* or *member* thereof in connection with its, his or her *private practice* for which it, he or she is responsible, not being property occupied or used by it, him or her for the purposes of the *previous practice*);
 - (b) for any alleged breach or other relief in respect of any *partnership* or *partnership* agreement between the *principals* in the *previous practice* or between any *principal* therein and any other *person* as *principals* in any other *previous practice*;
 - (c) for wrongful dismissal or termination of articles of clerkship or training contract or any other alleged breach or any other relief by either party in respect of any contract of employment by the *previous practice* or any *member* thereof; and/or for wrongful termination or any other alleged breach or any other relief by either party in respect of any contract for supply to or use by the *previous practice* or any *member* thereof of services and/or materials and/or equipment and/or other goods;
 - (d) for the payment of a trading debt incurred by the *previous practice* or any *member* thereof;
 - (e) in respect of any undertaking given by any *principal* in the *previous practice* or by a *recognised body* or *licensed body* or on his, her or its behalf (whether in his, her or its own name or in the name of the *previous practice*) to any *person* in connection with the provision of finance, property, assistance or other advantage whatsoever to or for the benefit of such *principal* or any other *principal* or of his or her or any other *principal's* spouse or children or of such *recognised body* or *licensed body* or of any business, firm, company, enterprise, association or venture owned or controlled by him, her or it or any other *principal* or in a beneficial capacity whether alone or in concert with others, EXCEPT to the extent that the *person* seeking indemnity shall establish that he, she or it was unaware that the undertaking was or was likely to be connected with the provision of any such finance, property, assistance or other advantage;
 - (f) in respect of any dishonest or fraudulent act or omission, but nothing in this exclusion shall prevent any particular *member* of the *previous practice* who was not concerned in such dishonesty or fraud being indemnified in accordance with these Rules in respect of any loss arising out of any claim in respect of any dishonest or fraudulent act or omission by any other such *member*;

- (g) in respect of any liability incurred in connection with an *overseas practice*. In relation to a *previous practice* having any *overseas* offices deemed by paragraph (ii) of the definition of *separate practice* in Rule 3.1 to form a *separate practice*, a liability shall be deemed to have been incurred in connection with the office where or from which the major part of the work out of which the loss arose in respect of which indemnity is sought was being done. In the event of doubt as to which (if any) office satisfies this requirement, the liability shall be deemed to have been incurred in connection with the office to which the *person* who accepted the initial instructions was most closely connected;
- (h) in respect of any liability incurred in connection with a *previous practice* in relation to which the obligation to pay *contribution* has been exempted under Rule 27 of the Solicitors' Indemnity Rules 2006 (or any earlier corresponding Rule) or, unless otherwise provided by the terms of the waiver, waived by the *Council* under Rule 19 (or under any corresponding earlier Rule);
- (i) arising out of any circumstances or occurrences which have been notified under the *master policy* or any certificate issued under the *master policy* or any other insurance existing prior to 1 September 1987;
- (j) in respect of any adjustment by way of claims loading or loss of discount which may at any future date or in respect of any future period be made by reference to any claim or claims first made or intimated during any *indemnity period*;
- (k) in respect of any liability incurred by any *person* in his, her or its capacity as a shareholder or beneficial owner of a share in a body corporate that is either a *recognised body* or *licensed body* notwithstanding the definition of *principal* in Rule 3.1;
- (l) in respect of any act or omission on the part of any *principal* whilst acting on behalf of the *previous practice* or any *member* thereof in connection with any matter affecting the business of the *previous practice* provided that at the time of such act or omission such *principal* was a *principal* in the *previous practice*;
- (m) where the *previous practice* or any *member* thereof is entitled to indemnity under any insurance except in respect of any amount greater than the amount which would have been payable under such insurance in the absence of the indemnity provided by the *fund*.

9.2 For the avoidance of doubt, any claim or claims by any *member* or former *member* of any *previous practice* against any *member* or former *member* of any such *previous practice* for the payment of the whole or any part of the deductible paid or due in respect of a claim already notified or made under these Rules or any previous Rules is not a loss arising within the meaning of Rule 8 and shall in no event be recoverable hereunder.

9.3 The exclusions set out in this Rule 9 shall not apply in relation to an *expired run-off claim*, in respect of which the provisions of Rule 8.5 shall apply.

Rule 10: Manner of indemnity

10.1 Such indemnity shall be provided, according to the decision of Solicitors Indemnity Fund Limited as set out in Rule 10.2, in any one or any combination of the following ways:

- (a) by payment, in or towards satisfaction of the claim and/or claimant's costs and expenses, to or to the order of the claimant making the claim;
- (b) by payment, in respect of the claim and/or claimant's costs and expenses and/or costs and expenses incurred in respect of the defence or settlement or compromise of the claim, to or to the order of the *person* against whom the claim is made;
- (c) by payment, in or towards discharge of costs and expenses incurred in respect of the defence or settlement or compromise of the claim, to or to the order of the legal advisers, adjusters or other persons by whom or in respect of whose services such costs and expenses were incurred;
- (d) by payment to any firm or *person* in relation to an *expired run-off claim* who was an *insured* under the relevant *preceding qualifying insurance*.

10.2 Solicitors Indemnity Fund Limited shall in any particular case, and notwithstanding the insolvency or bankruptcy of any *person* for whom indemnity is provided, have the sole and absolute right to decide in which way or combination of ways indemnity is provided.

Rule 11: Source of indemnity

11.1 Any such indemnity shall be provided and any claim thereto shall lie and be made exclusively out of and against the *fund*.

11.2 Solicitors Indemnity Fund Limited shall have no obligation to provide indemnity save to the extent that the same can be provided out of the *fund*.

11.3 In no circumstances shall any claim to indemnity lie or be made against the *Society* or the *Council* or the Legal Services Board.

11.4 Save as provided in Rule 21, the *fund* shall be available exclusively for the purpose specified in Rule 4.2.

11.5 In no circumstances shall the *fund* or any part thereof be available or be treated by any *person* as available (whether by virtue of any claim, attachment, execution or proceeding or otherwise howsoever) for or in connection with any other purpose.

Rule 12: Maximum liability of the fund

12.1 The liability of the *fund* as stated in Rule 8.1(c) shall in no event exceed in respect of each such claim the indemnity limit for the *relevant indemnity period*.

- 12.2 All claims arising from the same act or omission (whether or not made or intimated or arising out of circumstances notified during the same *indemnity period* and whether or not involving the same or any number of different *practices* or *previous practices* and/or *members* of such *practices* or *previous practices*) shall be regarded as one claim.
- 12.3 If a payment exceeding the indemnity limit is made to dispose of any such claim (or, in circumstances within Rule 12.2, claims) for loss (including claimants' costs) such as stated in Rule 8.1(c), then any liability of the *fund* for costs and expenses under Rule 8.1(d) shall be limited to such proportion of such costs and expenses as the indemnity limit bears to the amount of the payment so made.
- 12.4 The provisions of this Rule 12 shall not apply in relation to an *expired run-off claim*, in respect of which the provisions of Rule 8.5 shall apply.

Rule 13: Indemnity limit

- 13.1 Save in relation to an *expired run-off claim*, in respect of which the provisions of Rule 8.5 shall apply, the indemnity limit shall be £1,000,000 each and every claim (including claimants' costs).

Rule 14: Conditions

- 14.1 The *previous practice* and each *member* thereof shall procure that notice to Solicitors Indemnity Fund Limited shall be given in writing as soon as practicable of:
- (a) any claim(s) the subject of Rule 8 made or intimated during the *relevant indemnity period* against it, him or her of any claim for or likely to be for more than £500; or
 - (b) the receipt by it, him or her of notice of any intention to make any such claim(s).
- 14.2 The *previous practice* and any *member* thereof may also give notice in writing to Solicitors Indemnity Fund Limited of any circumstances of which it, he or she shall become aware which may (whether during or after the *relevant indemnity period*) give rise to any such claim(s).
- 14.3 Any notice given under Rule 14.2, will be effective only if, at the date when such notice was given, the circumstances known to and notified by the *previous practice* and/or *member* thereof, represent sufficient ground for a genuine and reasonable supposition on the part of the *previous practice* or *member* that those circumstances may give rise to a claim the subject of indemnity under Rule 8.
- 14.4 If notice is given to Solicitors Indemnity Fund Limited under Rule 14.1(b) or 14.2, any claim subsequently made (whether during or after the *relevant indemnity period*) pursuant to such an intention to claim or arising from circumstances so notified shall be deemed to have been made at the date when such notice was given.

- 14.5 The *previous practice* and each *member* thereof shall not admit liability for, or settle, any claim falling within Rule 8 or incur any costs or expenses in connection therewith without the prior consent of Solicitors Indemnity Fund Limited (such consent not to be unreasonably withheld).
- 14.6 Subject to Rule 14.7:
- (a) the *previous practice* and each *member* thereof shall procure that Solicitors Indemnity Fund Limited shall be entitled at the *fund's* own expense at any time to take over the conduct in the name of the *previous practice* or *member* of the defence or settlement of any such claim, including any claim in respect of which the *previous practice* or *member* may become entitled to partial indemnity under any insurance with any insurers; and
 - (b) Solicitors Indemnity Fund Limited may after taking over the defence or settlement of any such claim conduct the same as it may in its absolute discretion think fit notwithstanding any dispute or difference, whether or not referred to arbitration under Rule 15, which may exist or arise between it and the *previous practice* or *member*.
- 14.7 No *previous practice* or *member* thereof shall be required to contest any legal proceedings unless a Queen's Counsel (to be mutually agreed upon or failing agreement to be appointed by the President of the *Society* for the time being) shall advise that such proceedings should be contested.
- 14.8 Without prejudice to Rules 14.5, 14.6 and 14.7, the *previous practice* and each *member* thereof shall keep Solicitors Indemnity Fund Limited informed in writing at all times, whether or not Solicitors Indemnity Fund Limited shall specifically so request, as to the development and handling of any claim, intimated claim, notice or circumstances the subject of or arising subsequent to any notice given to Solicitors Indemnity Fund Limited under Rule 14.1 or 14.2; and shall consult and co-operate with Solicitors Indemnity Fund Limited in relation thereto as Solicitors Indemnity Fund Limited may request, whether or not Solicitors Indemnity Fund Limited shall take over the conduct thereof.
- 14.9 The *fund* waives any rights of subrogation against any *member* of the *previous practice* save where those rights arise in connection with
- (a) a dishonest or criminal act by that *member*; or
 - (b) the provision of indemnity under the exception to Rule 9.1(e); or
 - (c) a claim to indemnity in circumstances where that *member* has received a net benefit to which he or she was not entitled as a consequence of another *member* being provided with indemnity out of the *fund*;
- and save as otherwise expressly provided in these Rules.
- 14.10 If the *previous practice* or any *member* thereof shall prefer any claim to indemnity out of the *fund* knowing the same to be false or fraudulent as regards amount or

otherwise, it, he or she shall forfeit any claim to any such indemnity in respect of any claim or future claim against the *previous practice* or *member* to which the false or fraudulent claim to indemnity out of the *fund* may have related or relate.

- 14.11 Where there has been a failure to pay any instalment of any *contribution* due or any Value Added Tax payable in accordance with the Solicitors' Indemnity Rules 1987 to 2007 or the SRA Indemnity Rules ~~2011~~2011 or 2012 and a claim has been made or intimated against the *previous practice* or any *member* thereof in respect of which such *previous practice* or *member* would otherwise have been entitled to be provided with indemnity, Solicitors Indemnity Fund Limited shall provide such indemnity by payment (up to the indemnity limit) in or towards satisfying, or enabling the *previous practice* or *member* concerned to satisfy, the claim and claimants' costs and such *previous practice* shall thereafter upon request reimburse to Solicitors Indemnity Fund Limited on behalf of the *fund* the whole or such part as Solicitors Indemnity Fund Limited may request of any payment so made and of any costs and expenses incurred in its defence, settlement or compromise, and each *principal* therein shall be jointly and severally responsible to Solicitors Indemnity Fund Limited for such reimbursement accordingly. Provided always that Solicitors Indemnity Fund Limited shall require such reimbursement only to the extent of (a) any increase which in its opinion may have occurred in the total payable out of the *fund* (including costs and expenses) as a result of such failure, together with (b) such amount as may be necessary to satisfy any unpaid *contribution* and Value Added Tax and interest thereon at the rate of 4% above Barclays Bank base rate with quarterly rests or at such other rate as the *Society* may from time to time publish in the Law Society's Gazette.
- 14.12 Where non-compliance with any provision of these Rules by any *previous practice* or any *member* thereof claiming to be entitled to indemnity out of the *fund* has resulted in prejudice to the handling or settlement of any claim in respect of which such *previous practice* or *member* is entitled to indemnity hereunder, such *previous practice* or *member* shall reimburse to Solicitors Indemnity Fund Limited on behalf of the *fund* the difference between the sum payable out of the *fund* in respect of that claim and the sum which would have been payable in the absence of such prejudice. Provided always that it shall be a condition precedent of the right of the *fund* to such reimbursement that it shall first have provided full indemnity for such *previous practice* or *member* by payment (up to the indemnity limit) in or towards satisfying, or enabling such *previous practice* or *member* to satisfy, the claim and claimants' costs in accordance with the terms hereof.
- 14.13 In respect of any loss arising from any claim or claims as described by Rule 8.1(c) arising out of any dishonest or fraudulent act or omission of any *member* of the *previous practice*, the *fund* shall nonetheless be available to afford indemnity in accordance with these Rules to the *previous practice* and any *member* thereof, other than and excluding in each case the particular *member* concerned in such dishonesty or fraud. Provided always that at the request of Solicitors Indemnity Fund Limited, the *previous practice* or *member* being indemnified shall:
- (a) take or procure to be taken at the *fund's* expense all reasonable steps to obtain reimbursement for the benefit of the *fund* from or from the personal

representatives of any such *member* concerned in such dishonesty or fraud, and

- (b) procure that any reimbursement so obtained together with any monies which but for such fraud or dishonesty would be due to such *member* concerned in such dishonesty or fraud shall be paid to the *fund* up to but not exceeding the amounts paid by the *fund* in respect of such claim together with any expenditure reasonably incurred by the *fund* in obtaining such reimbursement.

14.14 In the event of indemnity being afforded under the exception to Rule 9.1(e), the *previous practice* or *member* being indemnified shall take or procure to be taken at the *fund's* expense all reasonable steps to obtain reimbursement for the benefit of the *fund* from any *person* to whom any benefit arising from the giving of any undertaking accrues in the circumstances set out in Rule 9.1(e). Provided always that such reimbursement shall not exceed:

- (a) the amount paid by the *fund* by way of indemnity together with any expenditure reasonably incurred by the *fund* in obtaining such reimbursement, or
- (b) the amount of any benefit accruing to such *person*,

whichever is the lesser.

14.15 In respect of any claim to indemnity, Solicitors Indemnity Fund Limited may appoint *panel solicitors* to act on its behalf and on behalf of the *previous practice* or any *member* thereof, and *panel solicitors* shall:

- (a) act at the sole direction of the *fund* for any purpose falling within the scope of these Rules, including acting on the Court record for the *previous practice* or any *member* thereof, and
- (b) disclose to Solicitors Indemnity Fund Limited as required any statement or information given to or which becomes known to *panel solicitors* in the course of so acting, and such disclosure shall be treated as having been made directly to Solicitors Indemnity Fund Limited by the *previous practice* or *member*.

14.16 The provisions of this Rule 14 shall not apply in relation to an *expired run-off claim*, in respect of which the provisions of Rule 8.5 shall apply.

Rule 15: Arbitration

15.1 Any dispute or difference concerning any claim or the quantum of any claim to be provided with indemnity in accordance with these Rules shall be referred to the sole arbitrator, which shall be final and binding, of a *person* to be appointed on the application of either party in default of agreement by the President of the *Society* for the time being. Any such arbitration shall take place and be conducted between, on the one hand, the *person* for whom indemnity is provided, the party to the dispute or

difference and, on the other hand, Solicitors Indemnity Fund Limited for and in respect of the *fund*.

Part 3: Contributions

Rule 16: Power to require contributions

- 16.1 The *Society* shall have power to require *principals* to make *contributions* of such amount and on such basis as the *Society* may from time to time determine. Value Added Tax, to the extent chargeable on any relevant supply which takes or may be treated as taking place under or by virtue of these Rules, will be charged and payable in addition to and at the same time as any *contributions* payable hereunder.
- 16.2 Solicitors Indemnity Fund Limited may at any time give to any *practice* written notice correcting any inaccuracy in the calculation of any *contribution* under these Rules. Any reimbursement or any payment of *contribution* hereby required shall be made forthwith upon, respectively, issue or receipt of such a notice, together with any Value Added Tax applicable and (in the case of any amount payable to Solicitors Indemnity Fund Limited upon correction of an inaccuracy in calculation) interest at a rate of 4% above Barclays Bank base rate with quarterly rests or at such other rate as the *Society* may from time to time determine and publish in the Law Society's Gazette.
- 16.3 Solicitors Indemnity Fund Limited may at any time, to the extent that it is reasonably practicable for it to do so, recalculate any claims adjustment applicable to any *practice* under the Solicitors' Indemnity Rules 2006 (or any earlier corresponding Rules) as a result of the receipt by Solicitors Indemnity Fund Limited of any sum from any third party relating to any indemnity provided to that *practice* out of the *fund* under these Rules or any earlier corresponding Rules, after deduction of the reasonable costs and expenses incurred by Solicitors Indemnity Fund Limited.
- 16.4 Solicitors Indemnity Fund Limited shall not be entitled, at any time after 30 September 2008, to require any *practice* to make any *contribution* under the Solicitors' Indemnity Rules 2006 (or any earlier corresponding Rules) which would otherwise be payable by reason of an inaccuracy in calculation, unless that inaccuracy is attributable to a failure to provide information or to a material inaccuracy in information provided by or on behalf of that *practice* under Part III of the Solicitors' Indemnity Rules 2006 (or any earlier corresponding Rules).
- 16.5 The *Society's* decision shall be final and binding on all affected on any question arising as to:
- (a) any obligation to make a *contribution*; or
 - (b) any sum due to any *person* out of the *fund*;
- under this Rule 16.

Part 4: Management and administration of the fund

Rule 17: Powers of the Society

- 17.1 Solicitors Indemnity Fund Limited shall hold, and have full power to manage and administer, the **fund**, subject only to:
- (a) such directions, conditions and/or requirements as the **Society** may from time to time issue to or impose upon it expressly pursuant to this provision, and/or
 - (b) such further detailed arrangements as the **Society** may from time to time agree with it.
- 17.2 Without limiting the generality of Rule 17.1, the management and administration of the **fund** shall include power to:
- (a) collect and recover **contributions** due to the **fund** in accordance with these Rules;
 - (b) deposit or invest in such manner as Solicitors Indemnity Fund Limited may determine all or any part of the **fund**, including any interest, dividends, profits, gains or other assets accruing to or acquired by the **fund**;
 - (c) arrange such insurances as Solicitors Indemnity Fund Limited may determine in respect of the **fund** and/or its assets and/or the **fund's** liability under these Rules to afford indemnity in respect of claims and costs and expenses; and to handle all aspects of any such insurances, including the payment of premiums thereon out of the **fund** and the making and recovery of claims thereunder;
 - (d) receive, investigate and handle claims to indemnity and other notices prescribed to be given to Solicitors Indemnity Fund Limited by these Rules, including settlement and compromise and making of ex gratia payments out of the **fund** in respect thereof and conduct of any dispute or difference referred to arbitration under Rule 15;
 - (e) receive, investigate and handle any claim made or intimated against any **person** in respect of which they are or may be entitled to be provided with indemnity out of the **fund** (whether or not a claim to indemnity hereunder has been made) and/or in respect of which the conduct is by these Rules assigned to Solicitors Indemnity Fund Limited, including settlement and compromise and making of ex gratia payments and conduct of any proceedings arising in respect of such claim;
 - (f) claim and recover reimbursement in respect of any sums paid by way of indemnity in any circumstances in which such reimbursement may under these Rules be claimed;
 - (g) exercise any right of subrogation save where such rights are waived in accordance with these Rules;

- (h) maintain full and proper records and statistics (which subject to Rule 18, shall at all reasonable times be available on request to the **Society** for inspection and copying) as to the **fund** and all aspects of its management and administration;
- (i) make to and review with the Council of the **Society** annually and at any other time that the **Council** may require, written and (if the **Council** so requires) oral reports as to the **fund** and, subject to Rule 18, its management and administration, including inter alia recommendations as to the **contributions** which are or may be required in respect of past, present and/or future **indemnity periods** and the circumstances in which, extent to which and conditions and exclusions subject to which indemnity should in any future **indemnity period** be afforded out of the **fund**;
- (j) engage the assistance of any third party in respect of all or any aspect(s) of the management and administration of the **fund**;
- (k) delegate to any third party all or any aspect(s) of the management and administration of the **fund**;
- (l) institute and/or conduct such proceedings as it may consider necessary or appropriate for the due management and administration of the **fund** in its own name or (subject to prior consent of the **Society**) in the name of the **Society**;
- (m) disburse and/or reimburse out of the **fund** all administrative and legal and other costs, overheads, fees and other expenses and liabilities incurred in respect of the **fund**, including without prejudice to the generality of the foregoing any such costs, overheads, fees and other expenses and liabilities incurred by the **Society** in respect of the establishment or maintenance, or the management, administration or protection, of the **fund**;
- (n) disburse and/or reimburse out of the **fund** payments for any educational, charitable or other useful purpose which in its opinion is likely directly or indirectly to lead to the reduction or prevention of claims on the **fund** or otherwise to further the purpose or interests of the **fund**;
- (o) disburse and/or reimburse out of the **fund** the costs, fees and expenses of the handling after 31 August 1987 of claims and potential claims against assureds notified under the **master policies** and **master policy** certificates;
- (p) effect out of the **fund** or by arrangement with third parties the funding pending reimbursement by **master policy insurers** of such claims and potential claims and to bear out of the **fund** the costs, fees and expenses incurred thereby.

Rule 18: Use of information

- 18.1 Without prejudice to the **Society's** power under Rule 4.5 to designate itself as the **person** responsible for holding, managing and administering the **fund**, information and documents obtained by Solicitors Indemnity Fund Limited about any particular

practice or *member* thereof in the course of investigating and handling any claim made or intimated or any circumstances notified as mentioned in Rule 21, may be utilised by Solicitors Indemnity Fund Limited for the purpose of preparation of general records, statistics, reports and recommendations (not identifying the particular *practice* or *member*) for or to the *Society*.

- 18.2 Solicitors Indemnity Fund Limited may bring to the attention of the *Society* at any time and without notice to the *practice* or *person* concerned:
- (a) any failure to provide information in respect of any *practice* as required by Part III of the Solicitors' Indemnity Rules 2006 (or any earlier corresponding provisions) or any material omission or inaccuracy in such information;
 - (b) any failure to pay any *contribution* or other sum due when required to do so under these Rules (or any earlier corresponding Rules) or to reimburse any amount due by way of a Deductible, Due Proportion or Penalty Deductible, or (in the case of an *expired run-off claim*) which falls within a policy excess;
 - (c) a material inaccuracy in any proposal form submitted by or on behalf of a *practice*;
 - (d) (in the case of an *expired run-off claim*) any matter or circumstances that would permit the *expired run-off cover* to be avoided or but for the provisions of clause 4.1 of the *MTC* (and/or the corresponding of the *expired run-off cover*);
 - (e) any dishonesty or fraud suspected on the part of any *person* in relation to any *practice* or *member* thereof, or any other person subject to these Rules or any earlier corresponding Rules, or any *insured*; and
 - (f) any claim of inadequate professional services of which it becomes aware made against any such *practice, member* or *person* or any *insured*.
- 18.3 Such information and documents shall not otherwise be disclosed or available to the *Society* without the prior consent of the *practice* (or any subsequent or successor *practice* thereto) or *member* concerned, except where Solicitors Indemnity Fund Limited or the *Society* have reason to suspect dishonesty on the part of any *practice, previous practice*, subsequent or successor *practice* or any *member* or former *member* thereof, or *insured*.
- 18.4 Any information and documents held by Solicitors Indemnity Fund Limited about a particular *practice* or *member* thereof may be disclosed or available to the *Society* without the prior consent of the *practice* (or any subsequent or successor *practice* thereto) or *member* concerned where the *Society* has been requested by any *practice*, subsequent or successor *practice* or *member* thereof to grant, amend or revoke any waiver under Rule 19 or to make a determination under Rule 20.
- 18.5 Solicitors Indemnity Fund Limited may pass to the *Society* the name of any *practice* (including any subsequent, successor or *previous practice*) or any

member or former *member* thereof in circumstances where Solicitors Indemnity Fund Limited has cause for concern having regard to:

- (a) the nature, incidence or value of paid and/or reserved claims in respect of any such *practice* or *member*; or
- (b) the existence of circumstances which are considered by the *fund* to create an increased risk of claims occurring in respect of that *practice* or *member*; or
- (c) failure on the part of a *practice* or *member* thereof, or any *insured*, to comply with their obligations under these Rules (or any earlier corresponding Rules);

and for the purposes of paragraphs (b) and (c) above Solicitors Indemnity Fund Limited shall have the power to determine criteria which would indicate the likelihood of an increased risk of claims occurring and to specify those obligations in respect of which a failure to comply could form the basis for Solicitors Indemnity Fund Limited to pass on information.

18.6 In the exercise of the powers set out in Rule 18.5 Solicitors Indemnity Fund Limited may give details to the *Society* of the reasons for the decision to pass the name of the *practice* or *member* thereof to the *Society* including, in appropriate cases, releasing documentary information provided that no such documentary information will be released which could breach the general duty of confidentiality owed by a *practice* or *member* thereof to a client or former client.

18.7 In respect of any information that may be brought to the attention of the *Society* in accordance with Rules 18.1 to 18.6:

- (a) the *Society* shall keep all such information confidential;
- (b) the *Society* shall not (except where and to the extent required by law or in the proper performance by the *Society* of its regulatory functions) at any time reveal any such information to any *person* other than a duly authorised employee of the *Society* or any of its subsidiaries; and
- (c) any privilege attaching to such information shall not be regarded as having been waived whether by virtue of such information having been provided to the *Society* or otherwise;

but the provisions of this Rule 18.7 shall not prevent the *Society* from making use of any such information for the purpose of bringing disciplinary proceedings against any *person*.

Rule 19: Waivers

19.1 The *Society* shall have power in any case or class of cases to waive in writing prospectively or retrospectively any obligation on any *solicitor*, *recognised body*, *licensed body* or *foreign lawyer* under these Rules and to amend or revoke any such waiver.

19.2 Any application by any *person* for:

- (a) a waiver of any obligation under these Rules or under the Solicitors' Indemnity Rules 2001 or any Rules subsequent thereto; or
- (b) a correction or recalculation of any sum paid or payable to the *fund* under these Rules, or under the Solicitors' Indemnity Rules 2001 or any Rules subsequent thereto;

must be made in writing to the *Society* no later than 3 calendar months from the date on which the relevant obligation has effect in relation to that *person*, or the date on which that *person* is notified thereof by Solicitors Indemnity Fund Limited, whichever is the earlier.

19.3 No application by any *person* for:

- (a) a waiver of any obligation under the Solicitors' Indemnity Rules 2000 or any Rules made prior thereto; or
- (b) a correction or recalculation of any sum paid or payable to the *fund* under the Solicitors' Indemnity Rules 2000 or any Rules made prior thereto;

may be considered unless it was made in writing to the *Society* as soon as practicable, and in any event no later than 28 February 2002.

19.4 Any appeal against any decision made by the *Society* in respect of any application for a waiver of any obligation under these Rules or any previous Rules, or in respect of any correction or recalculation of any sum paid or payable to the *fund* under these Rules or any previous Rules, must be made in writing to the *Society* within 21 days from the date of the decision.

19.5 An application for a waiver as contemplated by this Rule 19 or the making of an appeal against any decision made by the *Society* in respect of such application shall not relieve any *person* from any obligation under these Rules or any previous Rules pending the determination of any such application or appeal.

Rule 20: Decisions by the Society

20.1 The *Society* shall have power to treat any *person* as complying with any provision of these Rules for the purposes of the *SA* notwithstanding that the *person* has failed to comply with any provision of these Rules where such non-compliance is regarded by the *Society* in a particular case or cases as being insignificant.

Part 5: Maintenance and termination of the fund

Rule 21: Maintenance and termination of the fund

21.1 The *fund* shall continue to be held, managed and administered by Solicitors Indemnity Fund Limited for so long as and to the extent that the *Society*, in the light of the reports made to it by Solicitors Indemnity Fund Limited, may consider necessary or appropriate for the purpose of providing indemnity in respect of any

claim(s) made or intimated during any *indemnity period* and/or during or subsequent to any *indemnity period* arising out of circumstances notified during any *indemnity period* as circumstances which might give rise to such claim(s).

- 21.2 As and when the *Society* no longer considers it necessary or appropriate that all or any part of the *fund* should be so held, managed and administered, the *Society* may require all or any part of the *fund* not so required to be released to the *Society* which shall apply the same if and to the extent the *Society* considers it reasonably practicable for the purpose of providing indemnity in any other way permitted by section 37(2) of the *SA* and otherwise for the overall benefit of the *solicitors'* profession in such manner as it may decide.

Schedule 1

Extract from the Solicitors' Indemnity Rules 1999

The definitions set out below are provided for convenience only. For the purposes of these Rules, the full text of the Solicitors' Indemnity Rules 1999 prevails and should be consulted when interpreting the extracts contained in this Schedule.

21 DEDUCTIBLES

21.1 For the purposes of these Rules:

- (a) the "Deductible" means in respect of any claim either:
 - (i) the sum calculated by reference to the total number of Relevant Principals and shall be the amount set out in Table I which corresponds to a Practice with the same number of Principals as there are Relevant Principals; or
 - (ii) the amount of the increased deductible under Rule 22.2 applicable to the Practice in which the majority of Relevant Principals practise at the Date of Notification;
- (b) a "Relevant Principal" means a Principal or former Principal who is liable for the claim by virtue of having been a Principal in the Practice which was concerned with the matters giving rise to the claim at the date when such matters occurred;
- (c) "Due Proportion of the Deductible" means a sum equal to the amount of the Deductible divided by the number of Relevant Principals except where the number of Relevant Principals exceeds fifty when it means a sum equal to the amount of the Deductible divided by the number of Relevant Principals still in practice as Principals at the Date of Notification (provided such number still exceeds fifty);
- (d) the "Date of Notification" means either the date of receipt by Solicitors Indemnity Fund Limited of the first of any notices given under either Rule 19.1 or 19.2, or the date of receipt by Solicitors Indemnity Fund Limited of any claim or intimation of claim in respect of which there is or may be an entitlement to indemnity out of the Fund, whichever is the earlier. Provided however that if in either case such date is subsequent to the Relevant Indemnity Period, the Date of Notification shall be deemed to be the date any claim was first made or intimated against the Practice or any Member thereof;
- (e) the "Aggregate Deductible" is the amount set out in Table II corresponding to the number of Principals in the Practice as at 1st September 1999 or, where applicable, the date of commencement given in any notice required to be delivered under either Rule 26 or 27 during the Relevant Indemnity Period or the amount of the amended aggregate effected under Rule 22.2.

22 AMENDING THE DEDUCTIBLE OR AGGREGATE DEDUCTIBLE

22.1 In respect of any claim not yet made or intimated and not arising from circumstances already known to the Practice or any Member thereof or notified to Solicitors Indemnity Fund Limited:

- (a) the Deductible applicable to the Practice in accordance with Table I may be reduced to 50% or to nil (such reduction also having the effect of reducing the Aggregate Deductible applicable to the Practice in accordance with Table II to 50% or to nil);
- (b) the Aggregate Deductible applicable to the Practice in accordance with Table II may be reduced as follows:
 - (i) to one third or two thirds;
 - (ii) to one third or two thirds, of any aggregate calculated in accordance with Rule 22.1(a);

in each case upon payment by the Practice to the Fund of an additional Contribution in an amount calculated on a scale approved by the Society from time to time taking into account the claims record of such Practice and of any other Practice(s) in which any Principal therein was previously a Member.

22.2 In respect of any claim not yet made or intimated and not arising from circumstances already notified to Solicitors Indemnity Fund Limited, the Deductible and Aggregate Deductible applicable to the Practice may be increased specifically to sums of:

- (i) £250,000 subject to an aggregate of two or three times;
- (ii) £500,000 subject to an aggregate of one, two or three times;
- (iii) £750,000 subject to an aggregate of one, two or three times;
- (iv) £1,000,000 subject to an aggregate of one, two or three times

by any Practice in respect of which Gross Fees in excess of £15 million have been disclosed in the Certificate or Notice of Succession, whichever may be appropriate, delivered under Rule 27 save that the amount of the Aggregate Deductible after amendment shall not exceed 3% of the said Gross Fees, in return for a reduced Contribution or repayment by the Fund of any part of any Contribution paid, in an amount determined by the Society either generally or in respect of the particular Practice or any Successor Practice.

22.3 Without prejudice to Rule 22.1, where a claim arises out of circumstances known to the Practice or any Member thereof but not notified prior to the Relevant Indemnity Period and an amendment to the Deductible or Aggregate Deductible was in force during the Indemnity Period when such knowledge was acquired, Solicitors Indemnity Fund Limited may apply the benefit of any Deductible or Aggregate Deductible amendment effected for the Relevant Indemnity Period under Rule 22.1 to any such claim, but shall not be required to do so in any circumstances.

TABLE I	
Deductible (Rule 21.1(a))	
Number of Principals in Practice	Amount per Practice (£)
1	3,000
2	3,000
3	4,500
4	6,000
5	7,500
6	10,500
7	12,250
8	14,000
9	18,000
10	20,000
11	22,000
12	24,000
13	26,000
14	28,000
15	30,000
16	32,000
17	36,000
18	40,000
19	44,000
20	48,000
21	52,000
22	56,000
23	60,000
24	64,000
25	68,000
26	71,500
27	74,250
28	77,000
29	79,750
30	82,500
31	93,000
32	96,000
33	99,000
34	102,000
35	105,000
36	108,000
37	111,000
38	114,000
39	117,000
40	120,000
41	123,000
42	126,000
43	129,000
44	132,000
45	135,000
46	138,000
47	141,000
48	144,000
49	147,000
50	150,000
Over 50	150,000

TABLE II	
Aggregate Deductible (Rule 21.1 (e))	
Number of Principals in Practice	Amount per Practice (£)
1	9,000
2	9,000
3	13,500
4	18,000
5	22,500
6	31,500
7	36,750
8	42,000
9	54,000
10	60,000
11	66,000
12	72,000
13	78,000
14	84,000
15	90,000
16	96,000
17	108,000
18	120,000
19	132,000
20	144,000
21	156,000
22	168,000
23	180,000
24	192,000
25	204,000
26	214,500
27	222,750
28	231,000
29	239,250
30	247,500
31	279,000
32	288,000
33	297,000
34	306,000
35	315,000
36	324,000
37	333,000
38	342,000
39	351,000
40	360,000
41	369,000
42	378,000
43	387,000
44	396,000
45	405,000
46	414,000
47	423,000
48	432,000
49	441,000
50	450,000
Over 50	450,000

23 PENALTY DEDUCTIBLES

23.1 For the purposes of these Rules:

- (a) the "Penalty Deductible" means in respect of any claim arising out of the circumstances referred to in Rule 23.2 such sum as is equal to 50% of the amount set out in Table I which corresponds to a Practice with the same number of Principals as there are Relevant Principals;
- (b) "Due Proportion of the Penalty Deductible" means a sum equal to the amount of the Penalty Deductible divided by the number of Relevant Principals except where the number of Relevant Principals exceeds fifty when it means a sum equal to the amount of the Penalty Deductible divided by the number of Relevant Principals still in practice as Principals at the Date of Notification (provided such number still exceeds fifty);
- (c) the "Aggregate Penalty Deductible" is the sum equivalent to 50% of the amount set out in Table II corresponding to the number of Principals in the Practice as at 1st September 1999 or, where applicable, the date of commencement given in any notice required to be delivered under either Rule 26 or 27 during the Relevant Indemnity Period.

23.2 Each and every claim that

- (a) arises from a failure to:
 - (i) commence proceedings within the time permitted under sections 2, 5 or 11 of the Limitation Act 1980 or any statutory re-enactment thereof;
 - (ii) commence proceedings within the time permitted under section 111 of the Employment Rights Act 1996 or any statutory re-enactment thereof;
 - (iii) serve civil proceedings within the time permitted under Part 7.5 of the Civil Procedure Rules 1998 or any statutory re-enactment thereof;
 - (iv) serve a notice or issue an application within the periods permitted under Part II of the Landlord and Tenant Act 1954 or any statutory re-enactment thereof;
 - (v) register at Companies House a charge against the assets of a company within the time permitted by section 395 of the Companies Act 1985 or any statutory re-enactment thereof;
 - (vi) apply to register a protected transaction within the priority period afforded under the Land Registration (Official Searches) Rules 1993 or any statutory re-enactment thereof;
 - (vii) execute a Deed of Variation within the two years permitted under section 142(1) of the Inheritance Tax Act 1984 and/or to give written notice to the Inland Revenue within the six months permitted under section 142(2) or any statutory re-enactment thereof; or
- (b) falls within Rule 19.15(c);

shall, in addition to any Deductible applicable, be subject to a Penalty Deductible in respect of which the Fund shall not afford indemnity under Rule 13(a) PROVIDED THAT such failure occurred on or after 1st September 1996.

23.3 Each Relevant Principal shall be liable for a Due Proportion of the Penalty Deductible PROVIDED THAT:

- (a) in the case of any Relevant Principal practising in the same Practice as any other Relevant Principal(s) at the Date of Notification such Relevant Principal shall be jointly and severally liable for such sum as is equal to the total sum of the Due Proportions of the Penalty Deductible payable by all Relevant Principals in that Practice.
- (b) Solicitors Indemnity Fund Limited shall disregard the Due Proportion(s) of the Penalty Deductible payable by:
 - (i) any insolvent or bankrupt Relevant Principal;
 - (ii) any Relevant Principal in a Practice where the total sum of Penalty Deductible payments in respect of claims to which the Relevant Indemnity Period applies is equal to that Practice's Aggregate Penalty Deductible;
 - (iii) any Relevant Principal who as at the Date of Notification has ceased to be a Principal in any Practice and who does not become a Principal in any Practice within 12 months of that date;

PROVIDED ALWAYS THAT where the number of Relevant Principals exceeds fifty, the definition in Rule 23.1(b) shall apply and (i) and (iii) above shall not apply unless the number of Principals in practice as Principals at the Date of Notification is fifty or less.

- (c) Where an increased Deductible under Rule 22.2 is applicable to the Practice in which the majority of Relevant Principals practise at the Date of Notification, the Principals in such Practice shall be jointly and severally liable for the whole of any Penalty Deductible due PROVIDED ALWAYS THAT if the number of Principals in the Originating Practice is not more than ten then any Penalty Deductible payable shall be due and payable in such Due Proportions as would apply in the absence of any increased Deductible under Rule 22.2.
- (d) Solicitors Indemnity Fund Limited may pay, or include in any payment made, out of the Fund in respect of any claim, the whole or any part of any Penalty Deductible applicable thereto, and in that event the Penalty Deductible or any Due Proportion of the Penalty Deductible shall be reimbursed forthwith to the Fund by the appropriate Relevant Principal(s) in accordance with Rule 23.3(a).

23.4 Every Practice shall have an Aggregate Penalty Deductible.