



The Law Society

Solicitors' Indemnity (Enactment) Rules 1999

Rules made under section 37 of the Solicitors Act 1974 and section 9 of the Administration of Justice Act 1985 with the concurrence of the Master of the Rolls on the 28th day of July, 1999.

1. The Solicitors' Indemnity Rules 1987 as amended from time to time shall be further amended with effect from 1st September 1999 and shall continue in force thereafter in the form annexed hereto in which form they may be known as the Solicitors' Indemnity Rules 1999.
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 1st September 1991 and 1st September 1992.
3. The contributions payable in respect of the Indemnity Periods commencing prior to 1st September 1996 shall remain unaltered.
4. In respect of any Indemnity Periods commencing on or after 1st 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.
5. The indemnity available in respect of the Indemnity Periods commencing prior to 1st September 1999 shall remain unaltered.

ANNEX

SOLICITORS' INDEMNITY RULES 1999

Rules made under section 37 of the Solicitors Act 1974 and section 9 of the Administration of Justice Act 1985 by the Council of the Law Society with the concurrence of the Master of the Rolls on the 4th day of May 1987, as amended subsequently, regulating indemnity provision in respect of the practices of solicitors, recognised bodies and registered foreign lawyers carried on wholly or in part in England and Wales.

PART I - GENERAL PROVISIONS AND DEFINITIONS

1. CITATION

The Rules may be cited as the Solicitors' Indemnity Rules 1999.

2. ESTABLISHMENT AND MAINTENANCE OF FUND

The Society is hereby authorised to establish and maintain a Fund (hereinafter called "the Fund") in accordance with the provisions of these Rules.

3. PURPOSE OF THE FUND

The purpose of the Fund is to provide indemnity against loss as mentioned in section 37 of the Solicitors Act 1974 as extended by section 9 of the Administration of Justice Act 1985 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 commencing on 1st September in each year (starting in 1987) unless and until otherwise determined by future Rules.

4. INDEMNITY PERIODS BEFORE 1ST SEPTEMBER 1987

The Master 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 31st August 1987. They shall not provide cover in respect of any subsequent period.

5. APPLICATION OF THE RULES

These Rules shall apply to a Practice carried on by:

- (a) a sole solicitor or a partnership of solicitors;
- (b) a multi-national partnership;
- (c) a recognised body; and
- (d) a recognised body in partnership with one or more solicitors and/or one or more other recognised bodies.

6. CONTRIBUTIONS

The Fund shall be established and maintained by payments (hereinafter called "Contributions") which shall be made or caused to be made by solicitors, recognised

bodies and registered foreign lawyers in respect of each Indemnity Period in accordance with Part IV of these Rules.

7. CONTINUITY OF FUND

Notwithstanding the power (if the Society so determines) to levy Supplementary Contributions in respect of any Indemnity Period, 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 Period or Periods and any balance in respect of one Period may be applied to the benefit of any other Period or Periods.

8. MANAGEMENT AND ADMINISTRATION

The Fund shall be held, managed and administered in accordance with Part V 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 hereafter 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.

9. SCOPE OF INDEMNITY

The following persons, namely

- (a) solicitors, former solicitors, registered foreign lawyers practising in partnership with solicitors, and persons formerly practising as registered foreign lawyers in partnership with solicitors;
- (b) employees and former employees of the above;
- (c) recognised bodies and former recognised bodies; and
- (d) officers and employees and former officers and employees of recognised bodies and former recognised 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 15 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.

10. WAIVERS

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 or registered foreign lawyer under these Rules and to amend or revoke any such waiver.

11. TERMINATION OF THE FUND

Following the expiry of the last Indemnity Period in respect of which the Fund shall provide indemnity as aforesaid, 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). 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 practicable for the purpose of providing indemnity in any other way permitted by section 37(2) of the Solicitors Act 1974 and otherwise for the overall benefit of the solicitors' profession in such manner as it may decide.

12. DEFINITIONS

For the purposes of these Rules:

12.1 A "Certificate" means in respect of each Indemnity Period a certificate required to be delivered in respect of a Practice under Rule 27.

12.2 A "Continuing Practice" means:

(a) for the purposes of calculating any Contribution due in respect of the Indemnity Period commencing on 1st September 1999, a Practice

- (i) which commenced prior to 1st October 1998 and which was required to deliver a Certificate by 31st October 1998;
- (ii) in which the number and identity of the Principals has not changed since 31st October 1998 or, if a Certificate was duly delivered, from that of the Practice to which such Certificate related;
- (iii) which has not since 31st October 1998 succeeded to the whole or any part of any Previous Practice; and
- (iv) which is not an Existing New Practice as defined by Rule 12.4(a);

(b) for the purposes of the Certificate required to be delivered by 31st October 1999 under Rule 27, a Practice

- (i) which commenced prior to 1st October 1999 and which was required to deliver a Certificate by 31st October 1999;
- (ii) in which the number and identity of the Principals has not changed since 31st October 1999 or, if a Certificate was duly delivered, from that of the Practice to which such Certificate related;

- (iii) which has not since 31st October 1999 succeeded to the whole or any part of any Previous Practice; and
 - (iv) which is not an Existing New Practice as defined by Rule 12.4(b).
- 12.3 (a) "Default Initial Annual Contribution" bears the meaning ascribed in Rule 39.4.2 and Rule 39.6.2.
- (b) "Default Initial Shortfall Contribution" bears the meaning ascribed in Rule 40.4.2 and Rule 40.6.2.
- 12.4 An "Existing New Practice" is:
 - (a) for the purposes of calculating any Contribution due in respect of the Indemnity Period commencing on 1st September 1999, a Practice which has commenced since 30th September 1997 and before 1st September 1998, and which has not succeeded to the whole or any part of any Previous Practice (other than a New Practice);
 - (b) for the purposes of the Certificate required to be delivered by 31st October 1999 under Rule 27, a Practice which has commenced since 30th September 1998 and before 1st September 1999, and which has not succeeded to the whole or any part of any Previous Practice (other than a New Practice).
- 12.5 "Foreign lawyer" and "registered foreign lawyer" have the meanings assigned to them by section 89 of the Courts and Legal Services Act 1990.
- 12.6 The "Gross Fees" of a Practice include all professional fees, remuneration, retained commission and income of any sort whatsoever of the Practice including notarial fees where a solicitor notary operates a notarial practice in conjunction with a solicitor's practice but excluding only:
 - (a) interest;
 - (b) the reimbursement of disbursements;
 - (c) any amount charged in respect of Value Added Tax;
 - (d) remuneration derived from any office excluded from the definition of Private practice by virtue of Rule 12.15(3) (c);
 - (e) dividends;
 - (f) rents received by a Practice;
 - (g) income and capital profits from reserved funds established or other investments made by a Practice;
 - (h) bad debts accepted as written off by either the Inland Revenue or Customs and Excise.

- 12.7 "Indemnity Period" means the period of one year commencing on 1st September in any calendar year (starting in 1987) unless and until otherwise determined by future Rules; and the "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.
- 12.8 "Master Policies" and "Master Policy Certificates" means the policies and certificates referred to in Rule 4 and "Master Policy Insurers" means the insurers thereunder.
- 12.9 "Member" of a practice means any principal therein; any officer thereof in the case of a recognised body; any recognised body which is a partner or held out to be a partner therein and any officer of such recognised body; any person employed in connection therewith (including any trainee solicitor); any solicitor who is a consultant to or associate in the practice; any foreign lawyer who is a consultant or associate in the practice; and 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 the estate and/or personal representative(s) of any such persons.
- 12.10 A "multi-national partnership" means a partnership whose members consist of one or more registered foreign lawyers and one or more solicitors.
- 12.11 A "New Practice" means:
- (a) for the purposes of calculating any Contribution due in respect of the Indemnity Period commencing on 1st September 1999, a Practice which has commenced on or since 1st September 1998, and which has not succeeded to the whole or any part of any Previous Practice (other than another New Practice);
 - (b) for the purpose of the Certificate required to be delivered by 31st October 1999 under Rule 27, a Practice which has commenced on or since 1st September 1999 and which has not succeeded to the whole or any part of any Previous Practice (other than another New Practice).
- 12.12 A "Notice of Succession" means a notice under Rule 27 and "succeed" and "succession" includes any taking over of the whole or any part of any Previous Practice whether as a result of any merger, acquisition, split or cession of any practice(s) or of any retirement or addition of principals.
- 12.13 "Overseas" means outside England and Wales.
- 12.14 An "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 Rule 12.21(b).
- 12.15 (1) "Practice" means a practice to the extent that it carries on Private practice providing professional services as a solicitor or solicitors or as a multi-national partnership 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 or by multi-national partnerships, whether such Practice is carried on by the recognised body alone or in partnership either with a solicitor or solicitors or with another

recognised body.

- (2) "Private practice" shall be deemed to include:
 - (a) the acceptance and performance of obligations as trustees;
 - (b) 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.
- (3) "Private practice" does not include:
 - (a) 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 (2)(b) above);
 - (b) practice by a solicitor in the course of his or her employment with an employer other than a solicitor or recognised body or multi-national partnership; in which connection and for the avoidance of doubt:
 - (i) any such solicitor 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;
 - (ii) any such solicitor 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 in Private practice;
 - (iii) any practice carried on by such a solicitor outside the course of his or her employment will constitute Private practice;
 - (c) discharging the functions of the following offices:
 - (i) judicial office;
 - (ii) Under Sheriffs;
 - (iii) 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 Monopolies and Mergers Commission, Legal Aid Area Committees and Parole Boards;
 - (iv) Justices' Clerks;
 - (v) Superintendent Registrars and Deputy Superintendent Registrars of Births, Marriages and Deaths and Registrars of Local Crematoria;
 - (vi) such other offices as the Council may from time to time designate.

- 12.16 (a) A "Practice in Default" is a Practice which is either in Certificate Default or Succession Default.
- (b) A "Practice in Certificate Default" is any Practice which is required to deliver a Certificate by or on the preceding 31st October or within 28 days of any succession and in respect of which no Certificate has been so delivered.
- (c) A "Practice in Succession Default" is any Practice required to deliver a Notice of Succession within 28 days of any succession during the Relevant Indemnity Period and in respect of which no Notice of Succession has been so delivered.
- 12.17 The "preceding 30th September" and "preceding 31st October" mean the 30th September and 31st October respectively preceding the commencement on 1st September of the Relevant Indemnity Period.
- 12.18 "Previous Practice" means any practice which shall have ceased to exist as such (for whatever reason, including by reason of (a) any death, retirement or addition of principals or (b) any split or cession of the whole or part of its practice to another without any change of principals).
- 12.19 "Principal" means:
- (a) a solicitor who is a partner or sole practitioner, or a registered foreign lawyer who is a partner, and includes any solicitor or registered foreign lawyer held out as a principal; and
- (b) additionally in relation to a Practice carried on by a recognised body alone, or a Practice in which a recognised body is or is held out to be a partner:
- (i) a solicitor or registered foreign lawyer who beneficially owns the whole or any part of a share in such recognised body; or
- (ii) a solicitor or registered foreign lawyer who is the ultimate beneficial owner of the whole or any part of a share in such recognised body through the medium of some other recognised body or bodies.
- 12.20 A "recognised body" means a body corporate for the time being recognised under section 9 of the Administration of Justice Act 1985.
- 12.21 (a) A "Separate Practice" means 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.
- (b) In the case of a partnership or recognised body of which more than 25% of the Principals are registered foreign lawyers, any overseas offices shall be deemed to form a Separate Practice from the offices in England and Wales.
- (c) 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.

(d) In the case of a recognised body the fact that all of the shares in the recognised body are beneficially owned by only some of the Principals in another Practice, shall not, of itself, cause such a recognised body to be a Separate Practice provided that any fee or other income arising out of the recognised body accrues to the benefit of that other Practice.

12.22 "The Society" and "the Council" have the meanings assigned to them by the Solicitors Act 1974.

12.23 A "solicitor" means a person who has been admitted as a solicitor of the Supreme Court of England and Wales and whose name is on the roll kept by the Society under section 6 of the Solicitors Act 1974.

12.24 A "Successor Practice" means:

(i) for the purposes of calculating any Contribution due in respect of the Indemnity Period commencing on 1st September 1999, a Practice which is not a New Practice and which after 30th September 1998 succeeds (whether in consequence of any change in Principals or not) to the whole or any part of any Previous Practice, for value or otherwise, in any of the following cases, or in any other case of succession not specified thereby:

Case (I):

A Practice which would be a Continuing Practice but for the retirement therefrom of one or more Principal(s) or the addition of one or more new Principal(s).

Case (II):

A Practice which would be a New Practice but for its acquisition of the whole or part of another Practice commencing prior to or on 30th September 1998 and being required to deliver a Certificate by or on 31st October 1998.

Case (III):

A Practice commencing prior to or on 30th September 1998 and required to deliver a Certificate by or on 31st October 1998 which succeeds to the whole or part of a New Practice.

Case (IV):

A Practice resulting from the merger between the whole or part of two or more Previous Practices, or the acquisition by one of the whole or part of one or more other Previous Practices, such Previous Practices having commenced prior to or on 30th September 1998 and being required to deliver a Certificate by or on 31st October 1998.

Case (V):

A Practice remaining after a Previous Practice splits or cedes part of its Practice to another Practice or to a firm of foreign lawyers;

- (ii) for the purposes of the Certificate required to be delivered by a Practice under Rules 27.2 and 27.3, a Practice which is not a New Practice and which after the preceding 30th September succeeds (whether in consequence of any change in Principals or not) to the whole or any part of any Previous Practice, for value or otherwise, in any of the following cases, or in any other case of succession not specified thereby:

Case (I):

A Practice which would be a Continuing Practice but for the retirement therefrom of one or more Principal(s) or the addition of one or more new Principal(s).

Case (II):

A Practice which would be a New Practice but for its acquisition of the whole or part of another Practice commencing prior to or on the preceding 30th September and being required to deliver a Certificate by or on the preceding 31st October.

Case (III):

A Practice commencing prior to or on the preceding 30th September and required to deliver a Certificate by or on the preceding 31st October which succeeds to the whole or part of a New Practice.

Case (IV):

A Practice resulting from the merger between the whole or part of two or more Previous Practices, or the acquisition by one of the whole or part of one or more other Previous Practices, such Previous Practices having commenced prior to or on the preceding 30th September and being required to deliver a Certificate by or on the preceding 31st October.

Case (V):

A Practice remaining after a Previous Practice splits or cedes part of its Practice to another Practice or to a firm of foreign lawyers.

12.25 "Usual Basis of Accounting" means the basis of accounting used by a Practice, being a generally accepted basis of accounting for solicitors and applied to the Practice consistently from year to year.

12.26 (a) "Year 2000 Compliant" and "Year 2000 Compliance" are defined according to the BSI definition of Year 2000 Conformity PD2000 – 1:1988 and accordingly mean that neither performance nor functionality is affected by dates prior to, during and after the year 2000. In particular:

- (i) no value for current date will cause any interruption in operation;
- (ii) date-based functionality must behave consistently for dates prior to, during and after year 2000;
- (iii) in all interfaces and data storage, the century in any date must be

specified either explicitly or by unambiguous algorithms or inferencing rules;

(iv) year 2000 must be recognised as a leap year.

(b) "Computer System" shall mean all or any part or combination of any of the following: any computer, data processing equipment or media, storage and retrieval or communication system, network, protocol, storage device, micro chip, integrated circuit, real-time clock system or similar device or any computer software (including but not limited to application software, operating systems, run time environments or compilers), hardware, firmware or micro code.

PART II - INDEMNITY COVER

13. INDEMNITY

Upon receipt of the Initial Contribution due and any Value Added Tax payable thereon in accordance with these Rules, the Practice and each Member thereof, shall become entitled to be provided with indemnity out of the Fund in the manner, to the extent and subject to the conditions and exclusions set out in these Rules against:-

- (a) all loss (including liability for third party claimants' costs) incurred by the Practice or any Member thereof at any time arising directly from:
 - (i) any claim(s) first made or intimated against the 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 Practice or by a Member as a Member of such Practice or (in the case of a Principal in the Practice) by such Principal as a Principal in any Previous Practice;
 - (ii) any claim in respect of any such description of civil liability as aforesaid made or intimated against the 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
- (b) 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.

14. EXCLUSIONS FROM COVER

14.1 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 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 Practice);

- (b) for any alleged breach or other relief in respect of any partnership or partnership agreement between the Principals in the Practice or between any Principal therein and any other person as Principals in any 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 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 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 Practice or any Member thereof;
- (e) in respect of any undertaking given by any Principal or by a recognised body or on his, her or its behalf (whether in his, her or its own name or in the name of the 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 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 Practice who is 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 partnership or recognised body having any overseas offices deemed by Rule 12.21(b) 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 Practice in relation to which the obligation to pay Contribution under the Rules has been exempted under Rule 32 or, unless otherwise provided by the terms of the waiver, waived by the Council under Rule 10 (or in each case 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 1st September 1987;
- (j) in respect of any adjustment by way of claims loading 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 recognised body notwithstanding the definition of Principal in Rule 12.19;
- (l) in respect of any act or omission on the part of any Principal whilst acting on behalf of any Practice or any Member thereof in connection with any matter affecting the business of the Practice provided that at the time of such act or omission such Principal was a Principal in such Practice;
- (m) where a 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.

14.2 For the avoidance of doubt, any claim or claims by any Member or former Member of any Practice or any Previous Practice against any Member or former Member of any such 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 13 and shall in no event be recoverable hereunder.

15. MANNER OF INDEMNITY

15.1 Such indemnity shall be provided, according to the decision of Solicitors Indemnity Fund Limited as set out in Rule 15.2, 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.

15.2 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.

16. SOURCE OF INDEMNITY

- 16.1 Such indemnity shall be provided and any claim thereto shall lie and be made exclusively out of and against the Fund.
- 16.2 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.
- 16.3 In no circumstances shall any claim to indemnity lie or be made against the Society or the Council.
- 16.4 Save as provided in Rule 11, the Fund shall be available exclusively for the purpose specified in Rule 3.
- 16.5 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.

17. MAXIMUM LIABILITY OF THE FUND

- 17.1 The liability of the Fund as stated in Rule 13(a) shall in no event exceed in respect of each such claim the Indemnity Limit for the Relevant Indemnity Period.
- 17.2 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 and/or Members of such Practices) shall be regarded as one claim.
- 17.3 If a payment exceeding the Indemnity Limit is made to dispose of any such claim (or, in circumstances within Rule 17.2, claims) for loss (including claimants' costs) such as stated in Rule 13(a), then any liability of the Fund for costs and expenses under Rule 13(b) shall be limited to such proportion of such costs and expenses as the Indemnity Limit bears to the amount of the payment so made.

18. INDEMNITY LIMIT

The Indemnity Limit shall be £1,000,000 each and every claim (including claimants' costs).

19. CONDITIONS

- 19.1 The 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 13 made or intimated during the Relevant Indemnity Period against it, him or her including any claim for or likely to be for more than £500 which but for Rules 21 to 23 would have fallen within the

scope of indemnity afforded by these Rules;

- (b) the receipt by it, him or her of notice of any intention to make any such claim(s).
- 19.2 (a) The 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).
- (b) Any notice given under Rule 19.2(a), will be effective only if, at the date when such notice was given, the circumstances known to and notified by the Practice and/or Member thereof, represent sufficient ground for a genuine and reasonable supposition on the part of the Practice or Member that those circumstances may give rise to a claim the subject of indemnity under Rule 13.
- 19.3 If notice is given to Solicitors Indemnity Fund Limited under Rule 19.1(b) or 19.2, 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.
- 19.4 The Practice and each Member thereof shall not admit liability for, or settle, any claim falling within Rule 13 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).
- 19.5 Subject to Rule 19.6:
- (a) the 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 Practice or Member of the defence or settlement of any such claim, including any claim in respect of which the Practice or Member may become entitled to partial indemnity under any insurance with any insurers and any claim which but for Rules 21 to 23 would have fallen within the scope of the indemnity afforded by these Rules; 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 20, which may exist or arise between it and the Practice or Member.
- 19.6 No 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.
- 19.7 Without prejudice to Rules 19.4, 19.5 and 19.6, the 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 19.1 or 19.2; 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.

- 19.8 The Fund waives any rights of subrogation against any Member of the 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 14.1(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.

- 19.9 If the 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 Practice or Member to which the false or fraudulent claim to indemnity out of the Fund may have related or relate.

- 19.10 Where there has been a failure to pay any instalment of any Contribution due or any Value Added Tax payable in accordance with these Rules and a claim has been made or intimated against the Practice or any Member thereof in respect of which such 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 Practice or Member concerned to satisfy, the claim and claimants' costs and such 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.

- 19.11 Where non-compliance with any provision of these Rules by any 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 Practice or Member is entitled to indemnity hereunder, such 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 Practice or Member by payment (up to

the Indemnity Limit) in or towards satisfying, or enabling such Practice or Member to satisfy, the claim and claimants' costs in accordance with the terms hereof.

19.12 In respect of any loss arising from any claim or claims as described by Rule 13(a) arising out of any dishonest or fraudulent act or omission of any Member of the Practice, the Fund shall nonetheless be available to afford indemnity in accordance with these Rules to the 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 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.

19.13 In the event of indemnity being afforded under the exception to Rule 14.1(e), the 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 14.1(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.

19.14 In respect of any claim to indemnity including any claim which but for Rules 21 to 23 would have fallen within the scope of the indemnity afforded by these Rules, Solicitors Indemnity Fund Limited may appoint solicitors (hereinafter Panel Solicitors) to act on its behalf and on behalf of the 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 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 Practice or Member.

- 19.15 (a) Every Practice and each Principal therein shall take all reasonable steps and precautions and exercise all due diligence to ensure that any Computer System, wherever situated and whether or not the property of the Practice, which is used, operated or directly or indirectly relied upon by the Practice or any Member thereof is Year 2000 Compliant.
- (b) In respect of each and every matter on which it is retained every Practice and each Principal therein shall consider the potential or actual relevance of the Year 2000 Compliance (or lack of it) of any Computer System of any party in any way connected with the said matter (whether or not that party has itself retained the Practice) and shall either provide such advice (if any) as is appropriate in the light of the nature and scope of the Practice's retainer or recommend that such advice (if any) as is appropriate in the light of the nature and scope of the Practice's retainer be sought from a third party.
- (c) Where a claim has been made or intimated against a Practice or any Member thereof as a direct or indirect consequence of:
- (i) any matter which constitutes or arises from a failure on the part of the Practice to comply with sub-paragraph (a) and/or (b) above and/or
 - (ii) the actual, alleged or possible lack of Year 2000 Compliance of any Computer System or the actual, alleged or possible failure of any party (whether or not they are the claimant(s)) to ensure the Year 2000 Compliance of any Computer System

the Fund shall nonetheless afford indemnity in accordance with and subject to these Rules to the Practice and any Member thereof. Solicitors Indemnity Fund Limited shall provide such indemnity by payment (up to the Indemnity Limit) in or towards satisfying, or enabling the Practice or Member concerned to satisfy, the claim and claimants' costs and such 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 in its discretion (having regard to the extent of the attempts by the Practice (whether before or after 1st September 1998) before the act or omission giving rise or allegedly giving rise to the claim to comply with sub-paragraph (a) and/or (b) above and to avert or minimise any claims of the type to which this sub-paragraph (c) refers, including steps taken by the Practice by way of education and training on Year 2000 Compliance issues) 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.

20. ARBITRATION

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.

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.

21.2 Each and every claim shall be subject to a Deductible in respect of which the Fund shall not afford indemnity under Rule 13(a).

21.3 Save 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 each Relevant Principal shall be liable for a Due Proportion of the 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 Deductible payable by all Relevant Principals in that Practice.

- (b) Solicitors Indemnity Fund Limited shall disregard the Due Proportion(s) of the Deductible payable by:
- (i) any insolvent or bankrupt Relevant Principal;
 - (ii) any Relevant Principal in a Practice where the total sum of Deductible payments in respect of claims to which the Relevant Indemnity Period applies is equal to that Practice's Aggregate Deductible;
 - (iii) any Relevant Principal in a Practice to the extent that such Practice has reduced its Deductible liability under Rule 22.1;
 - (iv) 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 21.1(c) shall apply and (i) and (iv) 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 the Deductible due PROVIDED ALWAYS THAT if the number of Principals in the Originating Practice is not more than ten then the Deductible payable shall be that which would apply in the absence of an amendment under Rule 22.2 and 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 Deductible applicable thereto, and in that event the Deductible or any Due Proportion of the Deductible shall be reimbursed forthwith to the Fund by the appropriate Relevant Principal(s) in accordance with Rule 21.3(a).

21.4 Every Practice shall have an Aggregate Deductible.

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.

24. INTEREST ON OVERDUE DEDUCTIBLE PAYMENTS

Solicitors Indemnity Fund Limited may at any time give in respect of any Practice notice that any reimbursement to the Fund of the whole or any part of any Deductible or Penalty Deductible payment made by Solicitors Indemnity Fund Limited on behalf of the Practice shall, unless paid in full within such further period as Solicitors Indemnity Fund Limited may stipulate, carry interest on any outstanding balance from time to time at 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. Any such interest shall be calculated from the date(s) when such balance was payable or from such later date(s) as Solicitors Indemnity Fund Limited may direct.

25. COVER FOR MEMBERS OF PREVIOUS PRACTICES

Any Member of any Previous Practice who

- (a) shall during any period of insurance or Indemnity Period have been either:
 - (i) an Assured as a result of the issue of a certificate under one or more of the Master Policies, or
 - (ii) 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 any subsequent Rules, and who
- (b) is not, at the time during the Relevant 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, either
 - (i) a person entitled to be indemnified as aforesaid, or
 - (ii) a person who would be entitled to be indemnified but for the failure (whether by him or her or any other person) to pay Initial Contribution due in accordance with these Rules, or
 - (iii) a former Principal in a Previous Practice in respect of which any other Principal at the date when the matters giving rise to the claim occurred is entitled to indemnity under Rule 13(a)

shall, nevertheless, be entitled to indemnity out of the Fund in respect of any such claim first made or intimated or arising out of any such circumstances notified to the extent and subject to the conditions and exclusions (including specifically, for the avoidance of any doubt, that in Rule 14.1(h)) set out in these Rules, mutatis mutandis. For this purpose references in these Rules to the Practice and any Member thereof shall, where appropriate, be read as referring to the Previous Practice and the Members thereof.

PART III - OBLIGATION TO PROVIDE INFORMATION

26. NOTICE OF PRACTICE INFORMATION

A solicitor or registered foreign lawyer shall forthwith give to Solicitors Indemnity Fund Limited notice in writing of:

- (a) the address of any New Practice which he or she commences or in which he or she becomes a Principal and the date of such commencement or becoming a Principal;
- (b) the name and address of any Practice in which he or she becomes a Principal and the date of becoming such Principal;
- (c) any change in the place or places of business of any other Practice in which he or she is or becomes a Principal;
- (d) any cessation of any Practice in which he or she was before such cessation a Principal;
- (e) in the case of a solicitor or registered foreign lawyer who is a Principal in a Practice which is carried on by a recognised body alone, or in which a recognised body is or is held out to be a partner, any expiry or revocation of the recognition of such recognised body under the Solicitors' Incorporated Practice Rules in force from time to time, or any revocation of recognition of such recognised body under the Administration of Justice Act 1985 schedule 2.

27. NOTICE OF SUCCESSION AND CERTIFICATE

27.1 A solicitor or registered foreign lawyer who is or becomes a Principal in a practice which succeeds by succession (other than a Case I succession) to any Previous Practice shall within 28 days of such succession deliver to Solicitors Indemnity Fund Limited a Notice of Succession.

27.2 In respect of each Indemnity Period commencing on or after 1st September 1999 each Principal shall by or on the preceding 31st October deliver to Solicitors Indemnity Fund Limited a Certificate in respect of each Practice (except a New Practice or an Overseas Practice) in which he or she is or was at any time during the year ending on the preceding 31st October a Principal.

27.3 In respect of each Indemnity Period commencing on or after 1st September 1999 a solicitor or registered foreign lawyer who is or becomes a Principal in a Practice which succeeds by succession (other than a Case I succession) to any Previous Practice in the period between the preceding 31st October and the commencement of the Relevant Indemnity Period shall within 28 days of the succession deliver to Solicitors Indemnity Fund Limited a Certificate in respect of such Successor Practice.

28. FORM OF NOTICE OF SUCCESSION AND CERTIFICATE

28.1 A Certificate required under Rule 27.2 or Rule 27.3 and a Notice of Succession

required under Rule 27.1 shall be in the forms set out in the Schedule hereto or such other forms as may from time to time be approved by the Council and shall

- (a) state with reasonable accuracy the Gross Fees of the Practice to which it relates calculated in accordance with the Usual Basis of Accounting of the Practice in respect of an accounting period which complies with the requirements of Rule 28.2 or Rule 28.3;
- (b) contain the other information required by the forms;
- (c) contain the declaration required by the forms.

28.2 An accounting period in respect of a Practice other than an Existing New Practice complies with the requirements of this Rule if:

- (a) it is of twelve months' duration or of such duration as the Council may in any case or class of cases determine;
- (b) it ends not earlier than 30th September 12 months prior to the preceding 30th September nor later than the preceding 30th September; and
- (c) it begins on the day after the end of the accounting period to which the last previous Certificate (if any) or the last previous Notice of Succession, whichever is the later, delivered in respect of the Practice related except where the last previous Certificate was delivered in respect of an Existing New Practice in which case the accounting period shall begin on the same day as that given in the previous Certificate.

28.3 An accounting period in respect of an Existing New Practice complies with the requirements of this Rule if it begins on the day when the Practice commenced and ends on the preceding 30th September.

28.4 In respect of any Practice which has succeeded to any Previous Practice the Certificate and any Notice of Succession shall state or include

- (a) the Gross Fees of any such Previous Practice merged in or wholly acquired or succeeded to by the Practice;
- (b) where the Practice has acquired or succeeded to a part, but not the whole, of a Previous Practice, a due proportion corresponding to the part so acquired or succeeded to of the Gross Fees of that Previous Practice;

for as much of the relevant accounting period as elapsed before such succession.

28.5 In respect of an Existing New Practice the Gross Fees stated in the Certificate and any Notice of Succession shall be grossed up to produce a notional Gross Fees figure for a 12 month period deemed to have commenced on the date of commencement of the Practice and for the purposes of Rules 38, 39 and 40 "the Gross Fees disclosed in the Certificate" and "the Gross Fees disclosed in the Notice of Succession" shall be taken to be the grossed up notional Gross Fees figure.

29. INVESTIGATORY POWERS

- 29.1 In order to ascertain whether full and accurate information has been provided in accordance with these Rules and to obtain such information so far as it may not have been, Solicitors Indemnity Fund Limited or the Society may appoint any person whom it thinks fit and may require any solicitor or Practice or any registered foreign lawyer who is or was a Principal to produce to any person so appointed at such times and places as he or she may request all such accounting and other records and documents, and to supply him or her in relation thereto with such information and explanations, as he or she may from time to time request.
- 29.2 Any solicitor, Practice or registered foreign lawyer to whom any requirement under Rule 29.1 is made by Solicitors Indemnity Fund Limited or the Society shall comply therewith and with such requests as may be made by the person appointed.
- 29.3 Any person appointed under Rule 29.1 may make to the Society and to Solicitors Indemnity Fund Limited such report or reports as may be requested or as he or she may think fit.
- 29.4 Any such requirement under Rule 29.1 shall be made in writing and may be sent or delivered by Solicitors Indemnity Fund Limited or the Society to the solicitor, Practice or registered foreign lawyer, or to such person as is mentioned in Rule 30.3, at any place specified as the principal practising address or registered office of the Practice as stated in the latest Certificate, Notice of Succession or other notice delivered under these Rules (where such a Certificate or notice has been delivered).
- 29.5 Any such requirement sent by registered post or recorded delivery to any such place so specified shall be deemed to have been received by the solicitor, Practice or registered foreign lawyer, or by such person as is mentioned in Rule 30.3, within 48 hours (excluding Saturdays, Sundays and Bank Holidays) after the time of posting.

30. GENERAL

- 30.1 A solicitor or registered foreign lawyer shall not be required to deliver or give such a Certificate, Notice of Succession or other notice in respect of a Practice in relation to which another Principal therein, or such person as is mentioned in Rule 30.3, delivers or gives such a Certificate, Notice of Succession or other notice as the case may be containing all of the information required in accordance with this Part of the Rules. In such case the Certificate, Notice of Succession or other notice delivered or given by that other Principal or other person shall be deemed to be a Certificate, Notice of Succession or other notice delivered or given by such solicitor or registered foreign lawyer and any declaration thereto signed by that other Principal or other person shall be deemed to be a declaration signed by such solicitor or registered foreign lawyer.
- 30.2 The obligation to supply information under this Part of the Rules shall not apply to a solicitor whose obligation to pay Contribution has been exempted under Rule 32.
- 30.3 In relation to a Practice carried on by a recognised body alone, or a Practice in which a recognised body is or is held out to be a partner, any obligation to provide any form of information under this Part of the Rules shall in addition rest upon any officer of such recognised body and upon the recognised body.

***[The Schedule is not reproduced here but a hard copy can be supplied on request
from the Professional Indemnity Section tel. 020 7320 5871]***

PART IV - CONTRIBUTIONS

31. OBLIGATION TO MAKE CONTRIBUTIONS

31.1 Each Principal shall make or cause to be made Initial and Supplementary Contributions in relation to each Indemnity Period as herein provided in respect of:

- (a) each Separate Practice in which he or she is a Principal on 1st September;
- (b) each Separate New Practice commencing during and in which he or she becomes a Principal during the Indemnity Period;
- (c) each Separate Successor Practice commencing during and in which he or she becomes a Principal during the Indemnity Period.

31.2 In relation to a Practice carried on by a recognised body alone, or a Practice in which a recognised body is or is held out to be a partner, the obligation to make or cause to be made Initial and Supplementary Contributions under this Rule shall in addition rest upon the recognised body.

32. EXEMPTIONS

Solicitors who would otherwise be required to comply with these Rules but who provide services as solicitors in all or any of the following ways and none other shall be exempted from any obligation to make Contributions under these Rules and shall not be indemnified against professional indemnity risks by the Fund:

- (a) conduct professional business for personal friends, relatives, companies wholly owned by the solicitor's family or registered charities without remuneration; PROVIDED THAT it is a condition of this exemption that every person or body for whom the solicitor acts shall be notified beforehand that the solicitor is not indemnified against professional indemnity risks by the Fund and, if such be the case, that he or she is not insured against professional indemnity risks or, if he or she is so insured to what extent and in what amount. Any such notification required by this proviso must if given orally immediately be confirmed in writing;
- (b) administer oaths or take affidavits.

33. CONTRIBUTIONS - WHEN DUE AND PAYABLE

33.1 Subject to Rules 34 and 35, the Initial Contribution calculated under this Part of the Rules, any additional Contribution payable under Rule 22.1 and any additional charge payable under Rule 44 (together in each case with Value Added Tax) shall be due in full on the first day of the Indemnity Period or on the date of the commencement of the Practice whichever is the later but shall be payable as follows:

- (a) **Continuing Practice, Existing New Practice, New Practice and Successor Practice in existence prior to the start of the Relevant**

Indemnity Period

In respect of a Separate Practice falling within Rule 31.1(a), either

- (i) in ten consecutive monthly instalments by direct debit on the first day of each month commencing on 1st November during the Indemnity Period; or
- (ii) in full on or before the first day of the Indemnity Period;

(b) **New Practices commencing after the start of the Relevant Indemnity Period**

In respect of a Separate New Practice falling within Rule 31.1(b) either

- (i) in consecutive monthly instalments by direct debit on the first day of each month commencing on the first day of the month immediately after the date of its commencement or on 1st November during the Indemnity Period whichever is the later date and concluding on 1st August during the Indemnity Period; or
- (ii) in full on or before the date of its commencement;

(c) **Successor Practices commencing after the start of the Relevant Indemnity Period**

In respect of a Separate Successor Practice falling within Rule 31.1(c) either

- (i) in consecutive monthly instalments by direct debit on the first day of each month commencing on the first day of the month immediately after the date of the succession or on 1st November during the Indemnity Period whichever is the later date and concluding on 1st August during the Indemnity Period; or
- (ii) in full on or before the date of the succession; or

(d) **All Practices**

In such other manner deemed acceptable by Solicitors Indemnity Fund Limited.

33.2 If either

- (a) a Practice in existence on 1st September in the Relevant Indemnity Period shall fail to provide Solicitors Indemnity Fund Limited by that date with a valid direct debit to pay such instalments in accordance with these Rules; or
- (b) a Practice commencing during the Relevant Indemnity Period shall fail to provide Solicitors Indemnity Fund Limited not later than 28 days after the commencement of the Practice with a valid direct debit to pay such instalments in accordance with these Rules; or
- (c) any Practice shall fail to pay any such instalment within seven days of it

having become payable;

then the whole of its Contribution or, as the case may be, of any remaining instalments for the Relevant Indemnity Period and the additional charge payable under Rule 44 shall become payable forthwith.

34. APPORTIONMENT OF CONTRIBUTION

34.1 Subject to Rules 34.4 and 34.5, in respect of any Practice which ceases after 1st September in the Relevant Indemnity Period

(a) the Initial Contribution calculated under these Rules, any additional Contribution payable under Rule 22.1 and any additional charge payable under Rule 44 (together in each case with Value Added Tax) shall be apportioned from 1st September in the Relevant Indemnity Period or the date of commencement of the Practice whichever is the later to the date of cessation inclusive and the sum so determined shall be due in accordance with Rule 33;

(b) any amount remaining outstanding immediately after the cessation, if any, shall be payable in full within 28 days of cessation;

(c) any amount overpaid, if any, shall be refundable in full within 28 days of the cessation.

34.2 Subject to Rules 34.3, 34.4 and 34.5 in respect of any Practice which commences after 1st September in the Relevant Indemnity Period, the Initial Contribution calculated under these Rules, any additional Contribution payable under Rule 22.1, and any additional charge payable under Rule 44 (together in each case with Value Added Tax) shall be apportioned from the date of commencement to 31st August in the Relevant Indemnity Period and the sum so determined shall be due and payable in accordance with Rule 33.

34.3 Subject to Rule 34.5 in respect of any Practice which reduces its Deductible Proportion or aggregate under Rule 22.1 on a date after 1st September in the Relevant Indemnity Period, any additional contribution payable under Rule 22.1 and any additional charge payable under Rule 44 (together in each case with Value Added Tax) shall be apportioned from that date to 31st August in the Relevant Indemnity Period and the sum so determined shall be due and payable in accordance with Rule 33.

34.4 In respect of any Practice which has reduced its Deductible Proportion or aggregate under Rule 22.1 and which has or should have in the Relevant Indemnity Period notified Solicitors Indemnity Fund Limited of a claim or receipt of any notice of intention to make a claim under Rule 19.1, no apportionment under Rule 34.1 will apply to the additional contribution payable under Rule 22.1 save where any Successor Practice to such Practice reduces its Deductible Proportion or aggregate immediately following the period in respect of which the apportionment is made.

34.5 No apportionment of contribution will apply to contributions due and payable in respect of a Successor Practice falling within Case I and a Practice ceasing as a result of a Case I succession.

35. INACCURACY IN CALCULATION OF CONTRIBUTION

35.1 Solicitors Indemnity Fund Limited may at any time give to any Practice written notice correcting any inaccuracy in the calculation of any Initial Contribution, whether attributable to Solicitors Indemnity Fund Limited or to any failure to provide information or inaccuracy in information provided under Part III, or howsoever occurring; and any reimbursement or any payment of additional 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 additional Contribution payable upon correction of an inaccuracy in calculation attributable to failure to provide information or to inaccuracy in information provided under Part III) 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.

35.2 Solicitors Indemnity Fund Limited will recalculate any claims adjustment under Rule 42 applicable to a Practice consequent upon:

(a) a reduction in the Practice's Claims Pool calculated under Rule 42 in relation to the Indemnity Period commencing on 1st September 1999 by virtue of a reassessment as at the last Friday in June 2000 of the Indemnity Sums in respect of those claims included in the Practice's Claims Pool;

(b) a recovery being made;

but in neither case will Solicitors Indemnity Fund Limited be required to refund any amount less than £25 or be liable to pay interest on the amount of any refund resulting from such recalculation.

36. SUPPLEMENTARY CONTRIBUTIONS

Supplementary Contributions (if any) shall be made if and as the Society may at any time or times during or after the expiry of the Indemnity Period determine and in making any such determination the Society shall have complete liberty to decide whether or not all or any part of any losses or potential losses it takes into account shall consist of losses or potential losses arising from claims made or intimated or circumstances notified in the same or any previous Indemnity Period.

37. INTEREST ON OVERDUE CONTRIBUTION

Solicitors Indemnity Fund Limited may at any time give in respect of any Practice notice that any Initial and/or Supplementary Contributions payable in respect of that Practice shall, unless paid in full within such further period as Solicitors Indemnity Fund Limited may stipulate, carry interest on any outstanding balance from time to time at 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. Any such interest shall be calculated from the date(s) when such balance was payable or from such later date(s) as Solicitors Indemnity Fund Limited may direct.

38. CALCULATION OF INITIAL CONTRIBUTION

38.1 **The Initial Contribution**

The Initial Contribution in respect of each Practice shall be the total of:

- (i) the Initial Annual Contribution calculated in accordance with Rule 39; and
- (ii) the Initial Shortfall Contribution calculated in accordance with Rule 40.

38.2 **Overseas Principals**

In the calculation under this Rule and Rules 39 to 42 (inclusive) of the Initial Contribution due in respect of a Practice having any overseas offices deemed by Rule 12.21(b) to form a Separate Practice, those Principals who, as at the date of the relevant Certificate or Notice of Succession, are practising mainly from an overseas office or offices shall not be taken into account.

39. CALCULATION OF INITIAL ANNUAL CONTRIBUTION

39.1 **New Practice in existence prior to the start of the Relevant Indemnity Period**

The Initial Annual Contribution in respect of a New Practice in existence prior to the start of the Relevant Indemnity Period shall be £500 subject to any claims adjustment or additional contribution where appropriate under Rules 42 and 43.

39.2 **New Practice commencing after the start of the Relevant Indemnity Period**

The Initial Annual Contribution in respect of a New Practice commencing after the start of the Relevant Indemnity Period shall be £500 subject to any claims adjustment or additional contribution where appropriate under Rules 42 and 43 apportioned from the date of commencement of the Practice to the end of the Relevant Indemnity Period in accordance with Rule 34.

39.3 **All other Practices in existence prior to the start of the Relevant Indemnity Period and not in Certificate Default**

Where a Certificate was duly delivered under Rule 27 (or, in the case of a Case I succession, where no Certificate was required), the Initial Annual Contribution in respect of a Continuing Practice, an Existing New Practice and a Successor Practice shall be calculated as follows

- (a) by taking the Gross Fees disclosed in the Certificate (or, in the case of a Case I succession, the Certificate duly delivered by the Previous Practice) and
 - (i) if the Gross Fees are less than or equal to £250,000 applying to the Gross Fees the standard rate of 13.38% to produce the unadjusted base annual contribution; or
 - (ii) if the Gross Fees are more than £250,000 applying to the Gross Fees the standard rate of 13.38% multiplied by the "Tapering Factor" applicable to the Practice to produce the unadjusted base annual contribution.

- (iii) A Practice's "Tapering Factor" is determined by the following equation:
- $$\text{"Tapering Factor"} = 93.6112 \times (\text{Gross Fees of the Practice})^{-0.3652}$$
- (iv) In no case shall the unadjusted base annual contribution be less than £500.
- (b) The unadjusted base annual contribution shall be subject to risk banding by applying against the appropriate proportions of the unadjusted base annual contribution (in accordance with the breakdown of the fees of the Practice by work type as disclosed in the Certificate) the appropriate risk factor in accordance with Table III to produce the total risk banded annual contribution.
- (c) The total risk banded annual contribution shall be subject to claims adjustment where appropriate in accordance with Rule 42.
- (d) The Initial Annual Contribution due shall be that resulting from the calculation specified in (a), (b) and (c) together with any additional sum payable under Rule 43.

TABLE III

Category of Work	Risk Factor
1. Criminal Law Work	0.04
2. Debt Collection	0.04
3. Children Work	0.04
4. Mental Health Tribunal Work	0.04
5. Welfare Work	0.04
6. Immigration Work	0.04
7. Offices and Appointments	0.04
8. Arbitration Work	0.04
9. Adjudication Work	0.04
10. Mediation Work	0.04
11. Administering Oaths	0.04
12. Employment Work (non-litigious)	0.04
13. Property Selling and Valuation Work	0.04
14. Parliamentary Agency	0.04
15. Agency Advocacy Work	0.04
16. Lecturing and Related Activity Work	0.04
17. Expert Witness Work	0.04
18. Town and Country Planning	0.04
19. Residential Conveyancing Work	1.60
20. Commercial Conveyancing Work	1.40
21. Landlord and Tenant Work	0.60
22. Trust and Probate Work	0.70
23. Matrimonial Work	0.20
24. Personal Injury Work	1.90
25. Debt Collection Work (other)	0.50

26.	Financial Advice and Services	1.00
27.	Commercial Work	0.60
28.	Defendant Litigious Work for Insurers	0.80
29.	Litigious Work (other)	0.80
30.	Non-Litigious Work (other)	0.70

39.4 All Practices in existence prior to the start of the Relevant Indemnity Period and in Certificate Default

39.4.1 Where no Certificate was delivered under Rule 27 (save where, in the case of a Case I succession, the Previous Practice has delivered a Certificate under Rule 27), a Continuing Practice, an Existing New Practice and a Successor Practice shall be treated as a Practice in Certificate Default and the Default Initial Annual Contribution shall be as follows:

39.4.2 The Initial Annual Contribution in respect of any Practice in Certificate Default ("the Default Initial Annual Contribution") consists of the sum of £15,000 multiplied by the number of Principals in such Practice at the commencement of the Relevant Indemnity Period subject to any loading (but not any discount) and additional contribution where appropriate in accordance with Rules 42 and 43.

39.4.3 Where there is delivered in respect of any Practice in Certificate Default a Certificate which (apart from its lateness) complies with the requirements of Part III, an assessment will be made taking account of such Certificate of the Initial Annual Contribution which would have been due under Rule 39.3 in respect of any Practice in respect of which there became due as a Practice in Certificate Default a Default Initial Annual Contribution. Such Practice shall then

- (a) be entitled to a rebate of any difference in its favour between the Initial Annual Contribution actually paid and the Final Annual Contribution shown by such assessment, but any such rebate shall be paid without interest and not earlier than 15 months after 1st September on which the Relevant Indemnity Period began or, in the case of a Successor Practice, not earlier than 15 months after the date of commencement of the Practice; or
- (b) forthwith pay any balance shown to be payable together, if Solicitors Indemnity Fund Limited shall so require in writing, with interest on any outstanding balance from time to time at the rate of 4% above Barclays Bank base rate with quarterly rests or such other rate, for such period and with such rests as the Society may from time to time determine and publish in the Law Society's Gazette.

39.5 Successor Practice commencing after the start of the Relevant Indemnity Period and not in Succession Default

Where a Notice of Succession is duly delivered consequent upon a succession during the Relevant Indemnity Period, the Initial Annual Contribution in respect of a Successor Practice shall be calculated as follows

- (a) by taking the Gross Fees disclosed in the Notice of Succession and
 - (i) if the Gross Fees are less than or equal to £250,000 applying to the Gross Fees the standard rate of 13.38% to produce the unadjusted base annual contribution; or

- (ii) if the Gross Fees are more than £250,000 applying to the Gross Fees the standard rate of 13.38% multiplied by the "Tapering Factor" applicable to the Practice to produce the unadjusted base annual contribution.
 - (iii) A Practice's "Tapering Factor" is determined by the following equation:

$$\text{"Tapering Factor"} = 93.6112 \times (\text{Gross Fees of the Practice})^{-0.3652}$$
 - (iv) In no case shall the unadjusted base annual contribution be less than £500.
- (b) The unadjusted base annual contribution shall be subject to risk banding by applying against the appropriate proportions of the unadjusted base annual contribution (in accordance with the breakdown of the fees of the Practice by work type as disclosed in the Notice of Succession) the appropriate risk factor in accordance with Table III to produce the total risk banded annual contribution.
 - (c) The total risk banded annual contribution shall be subject to claims adjustment where appropriate in accordance with Rule 42.
 - (d) The Initial Annual Contribution due shall be that resulting from the calculation specified in (a), (b) and (c) together with any additional sum payable under Rule 43 apportioned from the date of commencement of the Practice to the end of the Relevant Indemnity Period in accordance with Rule 34.

39.6 Successor Practice commencing after the start of the Relevant Indemnity Period and in Succession Default

- 39.6.1 Where no Notice of Succession is delivered within 28 days of the commencement of practice, a Successor Practice which commenced after the start of the Relevant Indemnity Period shall be treated as a Practice in Succession Default.
- 39.6.2 The Initial Annual Contribution in respect of any Practice in Succession Default ("the Default Initial Annual Contribution") consists of the sum of £15,000 multiplied by the number of Principals in such Practice at the date of commencement of such Practice subject to any loading (but not any discount) and additional contribution where appropriate in accordance with Rules 42 and 43.
- 39.6.3 Where subsequent to the commencement of the Practice there is delivered in respect of any Practice in Succession Default a Notice of Succession which (apart from its lateness) complies with the requirements of Part III, an assessment will be made taking account of such Notice of Succession of the Initial Annual Contribution which would have been due under Rule 39.5 in respect of any Practice in respect of which there became due as a Practice in Succession Default a Default Initial Annual Contribution. Such Practice shall then
 - (a) be entitled to a rebate of any difference in its favour. The rebate shall be paid without interest and not earlier than 15 months after 1st September on which the Relevant Indemnity Period began or, in the case of a Successor Practice not earlier than 15 months after the date of commencement of the

Practice; or

- (b) forthwith pay any balance shown to be payable together, if Solicitors Indemnity Fund Limited shall so require in writing, with interest on any outstanding balance from time to time at the rate of 4% above Barclays Bank base rate and with quarterly rests or such other rate, for such period and with such rests as the Society may from time to time determine and publish in the Law Society's Gazette.

40. CALCULATION OF INITIAL SHORTFALL CONTRIBUTION

40.1 **New Practice in existence prior to the start of the Relevant Indemnity Period**

The Initial Shortfall Contribution in respect of a New Practice in existence prior to the start of the Relevant Indemnity Period shall be £100 subject to any claims adjustment where appropriate under Rule 42.

40.2 **New Practice commencing after the start of the Relevant Indemnity Period**

The Initial Shortfall Contribution in respect of a New Practice commencing after the start of the Relevant Indemnity Period shall be £100 subject to any claims adjustment where appropriate under Rule 42 apportioned from the date of commencement of the Practice to the end of the Relevant Indemnity Period in accordance with Rule 34.

40.3 **All other Practices in existence prior to the start of the Relevant Indemnity Period and not in Certificate Default**

Where a Certificate was duly delivered under Rule 27 (or, in the case of a Case I succession, where no Certificate was required), the Initial Shortfall Contribution in respect of a Continuing Practice, an Existing New Practice and a Successor Practice shall be calculated as follows

- (a) by taking the Gross Fees disclosed in the Certificate (or, in the case of a Case I succession, the Certificate duly delivered by the Previous Practice) and applying to those fees the percentages in respect of the relevant bands in accordance with Table IV to produce the unadjusted base shortfall contribution which in no case shall be less than £100;
- (b) the proportion of the sum so arrived at equivalent to the proportion undertaken of work regarded as low risk work in accordance with Rule 41.1 shall be subject to a discount of 80% where appropriate;
- (c) the sum arrived at after taking into account any discount in respect of low risk work shall also be subject to claims adjustment where appropriate in accordance with Rule 42;
- (d) the Initial Shortfall Contribution due shall be that resulting from the calculation specified in (a), (b) and (c).

TABLE IV

Gross Fees		% of Gross Fees
Over £	Up to £	
	70,000	2.60
70,000	250,000	2.02
250,000	500,000	1.76
500,000	750,000	1.42
750,000	1,500,000	1.08
1,500,000	2,500,000	0.93
2,500,000	5,000,000	0.57
5,000,000	15,000,000	0.51
15,000,000	60,000,000	0.36
60,000,000	100,000,000	0.28
100,000,000	125,000,000	0.22
125,000,000	150,000,000	0.19
150,000,000		0.15

40.4 All Practices in existence prior to the start of the Relevant Indemnity Period and in Certificate Default

40.4.1 Where no Certificate was delivered under Rule 27 (save where, in the case of a Case I succession, the Previous Practice has delivered a Certificate under Rule 27), a Continuing Practice, an Existing New Practice and a Successor Practice shall be treated as a Practice in Certificate Default and the Default Initial Shortfall Contribution shall be as follows:

40.4.2 The Initial Shortfall Contribution in respect of any Practice in Certificate Default ("the Default Initial Shortfall Contribution") consists of the sum of £5,000 multiplied by the number of Principals in such Practice at the commencement of the Relevant Indemnity Period but excluding any claims adjustment under Rule 42.

40.4.3 Where there is delivered in respect of any Practice in Certificate Default a Certificate which (apart from its lateness) complies with the requirements of Part III, an assessment will be made taking account of such Certificate of the Initial Shortfall Contribution which would have been due under Rule 40.3 in respect of any Practice in respect of which there became due as a Practice in Certificate Default a Default Initial Shortfall Contribution. Such Practice shall then

- (a) be entitled to a rebate of any difference in its favour between the Initial Shortfall Contribution actually paid and the Final Shortfall Contribution shown by such assessment, but any such rebate shall be paid without interest and not earlier than 15 months after 1st September on which the Relevant Indemnity Period began or, in the case of a Successor Practice, not earlier than 15 months after the date of commencement of the Practice; or
- (b) forthwith pay any balance shown to be payable together, if Solicitors Indemnity Fund Limited shall so require in writing, with interest on any outstanding balance from time to time at the rate of 4% above Barclays Bank base rate with quarterly rests or such other rate, for such period and with such rests as the Society may from time to time determine and publish in the

40.5 Successor Practice commencing after the start of the Relevant Indemnity Period and not in Succession Default

Where a Notice of Succession is duly delivered consequent upon a succession during the Relevant Indemnity Period, the Initial Shortfall Contribution in respect of a Successor Practice shall be calculated as follows

- (a) by taking the Gross Fees disclosed in the Notice of Succession and applying to those fees the percentages in respect of the relevant bands in accordance with Table IV to produce the unadjusted base shortfall contribution which in no case shall be less than £100;
- (b) the proportion of the sum so arrived at equivalent to the proportion undertaken of work regarded as low risk work in accordance with Rule 41.1 shall be subject to a discount of 80% where appropriate;
- (c) the sum arrived at after taking into account any discount in respect of low risk work shall also be subject to claims adjustment where appropriate in accordance with Rule 42;
- (d) the Initial Shortfall Contribution due shall be that resulting from the calculation specified in (a), (b) and (c).

40.6 Successor Practice commencing after the start of the Relevant Indemnity Period and in Succession Default

40.6.1 Where no Notice of Succession is delivered within 28 days of the commencement of practice, a Successor Practice which commenced after the start of the Relevant Indemnity Period shall be treated as a Practice in Succession Default.

40.6.2 The Initial Shortfall Contribution in respect of any Practice in Succession Default ("the Default Initial Shortfall Contribution") consists of the sum of £5,000 multiplied by the number of Principals in such Practice at the date of commencement of such Practice but excluding any claims adjustment under Rule 42.

40.6.3 Where subsequent to the commencement of the Practice there is delivered in respect of any Practice in Succession Default a Notice of Succession which (apart from its lateness) complies with the requirements of Part III, an assessment will be made taking account of such Notice of Succession of the Initial Shortfall Contribution which would have been due under Rule 40.5 in respect of any Practice in respect of which there became due as a Practice in Succession Default a Default Initial Shortfall Contribution. Such Practice shall then

- (a) be entitled to a rebate of any difference in its favour. The rebate shall be paid without interest and not earlier than 15 months after 1st September on which the Relevant Indemnity Period began or, in the case of a Successor Practice not earlier than 15 months after the date of commencement of the Practice; or
- (b) forthwith pay any balance shown to be payable together, if Solicitors Indemnity Fund Limited shall so require in writing, with interest on any outstanding balance from time to time at the rate of 4% above Barclays Bank

base rate and with quarterly rests or such other rate, for such period and with such rests as the Society may from time to time determine and publish in the Law Society's Gazette.

41. CATEGORIES OF WORK

41.1 **Low Risk Work**

Subject to any future determination by the Society, the following categories of work as referred to in Table III shall each be regarded as low risk work and shall be used for the purposes of calculating the Initial Shortfall Contribution under Rule 40 and, together with the other categories set out in Rule 41.2, the Initial Annual Contribution under Rule 39 in respect of any Practice where appropriate:

- (1) **criminal law work**;
- (2) **debt collection** defined as the collection of judgment debts of not more than £10,000 or debts without dispute as to liability of not more than £10,000, and the collection of rents not exceeding £10,000 per property per annum;
- (3) **children work** defined as applications made in relation to family proceedings as defined by section 8(3) of the Children Act 1989 and including Parts III and V of the Children Act 1989;
- (4) **mental health tribunal work** defined as representation of patients detained under the Mental Health Act 1983 at hearings of the Mental Health Review Tribunal;
- (5) **welfare work** defined as advice and assistance about assessment of a client's entitlement to welfare benefits and for verifying an assessment by the Department of Social Security or other benefit granting bodies such as Local Authorities;
- (6) **immigration work** defined as advice and assistance on U.K. immigration and nationality law, including preparation for and representation before Immigration Adjudicators, Special Adjudicators, and any Tribunals or Courts up to but not including the Divisional Court, the Court of Justice of the European Union, the Commission on Human Rights of the Council of Europe or the European Court of Human Rights;
- (7) discharging the functions of the following **offices and appointments**:-
 - (i) Clerk to any of the following:
City Livery Company, Dean and Chapter, Drainage Board, Local Council, Charity or School Governing Body;
 - (ii) Diocesan Registrar, Archdeacon's Registrar or Provincial Registrar of the Provinces of the Church of England, but in each case only in respect of work covered by an Ecclesiastical Fees Order;
 - (iii) Company Secretary;

- (8) **arbitration work** defined as any work done in the discharge or the purported discharge of the functions of an arbitrator in relation to an arbitration to which the Arbitration Acts 1950 - 1996 apply;
- (9) **adjudication work** defined as acting as a neutral third party engaged by disputing parties to provide a non-judicial resolution of their dispute which is, subject to the terms of any contract between the disputing parties, binding upon them, but excluding arbitration work;
- (10) **mediation work** defined as acting as a neutral third party engaged by disputing parties to assist them to resolve their dispute by negotiated agreement without resort to adjudication;
- (11) **administering oaths and taking affidavits;**
- (12) **employment work** defined as all non-litigious work which excludes tribunal work in connection with employment, termination, dismissal, redundancy, discrimination at work and pension rights affected thereby;
- (13) **property selling and valuation work** defined as property selling whether or not through an estate agency and informal valuations undertaken by the practice;
- (14) **parliamentary agency** defined as all work done in the promotion of or opposition to primary or subordinate legislation;
- (15) **agency advocacy work** defined as all civil advocacy work, including attendance at a Court or Tribunal for the purpose of such advocacy, done on behalf of another indemnified practice but excluding any work done as a solicitor working as an agent or locum tenens in another practice;
- (16) **lecturing and related activity work** defined as work involving the preparation for, and the presentation of, lectures, seminars, training and tuition whether for the purposes of professional skills training, continuing education or otherwise, and including the provision of written material for publication;
- (17) **expert witness work** defined as work done in the capacity as an expert witness;
- (18) **town and country planning** includes compulsory purchase, listed buildings and conservation areas work.

41.2 Other Categories of Work

41.2.1 For the purposes of this Rule "conveyancing work" includes all work relating to the purchase, sale, transfer or mortgage of any freehold or leasehold interest in land including the creation, renewal or termination of any leasehold interest and also work done in connection with right to buy legislation.

41.2.2 Subject to any future determination by the Society, the following additional categories of work referred to in Table III shall be used for the purposes of calculating the Initial Annual Contribution under Rule 39 in respect of any Practice where appropriate:

- (19) **residential conveyancing work** defined as work done in connection with an individual property used exclusively as a single private dwelling house including mortgage related work where the client is not, in any way, dealing with the property as part of a business;
- (20) **commercial conveyancing work** defined as all non-residential conveyancing work;
- (21) **landlord and tenant work** defined as litigious work relating to the creation, termination or renewal of any leasehold interest or tenancy be it commercial or residential, and any other dispute between landlord and tenant;
- (22) **trust and probate work** includes the creation and administration of estates and trusts, statutory or otherwise, wills, enduring powers of attorney and deeds of family arrangement;
- (23) **matrimonial work** includes all aspects of financial settlement but excluding work within category (3) children work and excluding work within category (19) residential conveyancing work;
- (24) **personal injury work** includes medical negligence work;
- (25) **debt collection work (other)** defined as debt collection not within category (2) debt collection;
- (26) **financial advice and services** defined as all work done in respect of discrete investment business as defined by the Solicitors' Investment Business Rules 1995;
- (27) **commercial work** includes all company work;
- (28) **defendant litigious work for insurers** defined as litigious work done on behalf of any person, firm, company or other body acting as a defendant insurer;
- (29) **litigious work (other)** defined as all litigious work not included in any of the specific categories (1) to (28) above;
- (30) **non-litigious work (other)** is all non-litigious work not included in any of the specific categories (1) to (28) above.

42. CLAIMS ADJUSTMENT

42.1 For the purposes of these Rules:

- (a) The "Relevant Period" is the five year period ending on 31st August 1997.
- (b) A "Discounted Probable Maximum Loss Reserve" is the maximum amount which in the judgement of the Fund is yet to be paid by the Fund in respect of a claim, discounted by 25%.
- (c) An "Indemnity Sum" is any payment made by the Fund and any Discounted Probable Maximum Loss Reserve set by the Fund, in respect of, arising out of

or in any way in connection with, any claim other than:

- (i) any payments and reserves in respect of the costs of defending or investigating any such claim or the circumstances giving rise to it; and
 - (ii) any reserve in respect of the claimant's costs in making any claim.
- (d) A "Loading Claim" is any claim which was notified to the Fund during the Relevant Period in respect of which an Indemnity Sum has been incurred.
 - (e) The "Originating Practice" is the Practice or Previous Practice in which the act or omission giving rise to the Loading Claim occurred.
 - (f) The "Originating Principals" are the Principals in the Originating Practice at the date of the act or omission giving rise to the Loading Claim.
 - (g) A "Principal Claim Portion" is the result of dividing the Indemnity Sums incurred in respect of a Loading Claim as at the last Friday in June 1999 by the number of Originating Principals and shall attach and apply to each Originating Principal in his or her capacity as a Principal in all Practices in which he or she is a Principal.
 - (h) A "Principal Contribution Portion" is the result of dividing the indemnity contribution payable by a Practice or Previous Practice, including any additional contribution payable to reduce the Deductible Proportion and/or the aggregate, by the number of Principals in the Practice at the commencement of each Indemnity Period within the Relevant Period, or in respect of a Practice or Previous Practice commencing during an Indemnity Period, the number of Principals in the Practice as at the date of commencement and shall attach to each such Principal in his or her capacity as a Principal in all Practices in which he or she is a Principal.
 - (i) The "Claims Pool" is the sum of the Principal Claims Portions of the Principals in a Practice.
 - (j) The "Contribution Pool" is the sum of the Principal Contribution Portions of the Principals in a Practice.
 - (k) The "Claims Ratio" is the value obtained by dividing the Claims Pool by the Contribution Pool.
 - (l) The "Claims Loading Factor" is the number "one" in respect of each Loading Claim.
 - (m) The "Principal Loading Factor" is the result of dividing the Claims Loading Factor by the number of Originating Principals and shall attach and apply to each Originating Principal in his or her capacity as a Principal in all Practices in which he or she is a Principal.
 - (n) The "Practice Loading Factor" is the sum of the Principal Loading Factors of the Principals in a Practice.

42.2 The calculation of the Initial Annual Contribution in respect of any Separate Practice carried out in accordance with Rule 39 shall, where appropriate, include a

claims adjustment in a percentage equal to that shown opposite the claims ratio in Table V and the calculation of the Initial Shortfall Contribution in respect of any Separate Practice carried out in accordance with Rule 40 shall, where appropriate, include a claims adjustment in a percentage equal to that shown opposite the claims ratio in Table VI, save only that:

- (a) a loading shall not apply to any Practice which has a Contribution Pool of nil;
- (b) the amount of loading payable in any year by any Practice shall not exceed 9% of the Claims Pool for the Relevant Indemnity Period; and
- (c) the loss of discount by any Practice with a claims ratio greater than 0.00 but less than or equal to 0.80 shall not exceed 9% of the claims pool for the Relevant Indemnity Period.

42.3 The amount of any claims loading shall be reduced by 25% if the Practice Loading Factor applicable to the Practice does not exceed that shown in Table VII and by 50% if it does not exceed that set out in Table VIII for a Practice with the same number of Principals as that which is subject to the loading.

TABLE V (Rule 42.2)

Claims Ratio				Adjustment %
	0.00			-55
Exceeding	0.00	but not exceeding	0.02	-52
"	0.02	" "	"	-49
"	0.04	" "	"	-46
"	0.06	" "	"	-43
"	0.08	" "	"	-40
"	0.10	" "	"	-38
"	0.12	" "	"	-36
"	0.14	" "	"	-34
"	0.16	" "	"	-32
"	0.18	" "	"	-30
"	0.20	" "	"	-28
"	0.24	" "	"	-26
"	0.28	" "	"	-24
"	0.32	" "	"	-22
"	0.36	" "	"	-20
"	0.40	" "	"	-18
"	0.44	" "	"	-16
"	0.49	" "	"	-14
"	0.54	" "	"	-12
"	0.59	" "	"	-10
"	0.64	" "	"	-8
"	0.69	" "	"	-6
"	0.74	" "	"	-4
"	0.79	" "	"	-2
"	0.80	" "	"	0
"	1.20	" "	"	1
"	1.24	" "	"	2
"	1.28	" "	"	3
"	1.32	" "	"	4
"	1.36	" "	"	5

etc., with the adjustment increasing by 1% in respect of each Claims Ratio increase of 0.04 up to:

Exceeding	4.80	but not exceeding	4.84	91
"	4.84	" "	"	92
"	4.88	" "	"	93
"	4.92	" "	"	94
"	4.96	" "	"	95
Exceeding	5.00			100

TABLE VI (Rule 42.2)

Claims Ratio				Adjustment %	
	0.00			-30	
Exceeding	0.00	but not exceeding	0.02	-29	
"	0.02	" "	"	0.04	-28
"	0.04	" "	"	0.06	-27
"	0.06	" "	"	0.08	-26
"	0.08	" "	"	0.10	-25
"	0.10	" "	"	0.12	-24
"	0.12	" "	"	0.14	-23
"	0.14	" "	"	0.16	-22
"	0.16	" "	"	0.18	-21
"	0.18	" "	"	0.20	-20
"	0.20	" "	"	0.24	-19
"	0.24	" "	"	0.28	-18
"	0.28	" "	"	0.32	-17
"	0.32	" "	"	0.36	-16
"	0.36	" "	"	0.40	-15
"	0.40	" "	"	0.44	-14
"	0.44	" "	"	0.49	-13
"	0.49	" "	"	0.54	-12
"	0.54	" "	"	0.59	-11
"	0.59	" "	"	0.64	-10
"	0.64	" "	"	0.69	-9
"	0.69	" "	"	0.74	-8
"	0.74	" "	"	0.79	-7
"	0.79	" "	"	0.85	-6
"	0.85	" "	"	0.91	-5
"	0.91	" "	"	0.97	-4
"	0.97	" "	"	1.04	-3
"	1.04	" "	"	1.12	-2
"	1.12	" "	"	1.20	-1
Exceeding	1.20			0	

TABLE VII (Rule 42.3)

Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor
1.00	1.93	51.00	11.90	101.00	16.28	151.00	20.65	201.00	25.03	251.00	29.40	301.00	33.78
2.00	2.80	52.00	11.99	102.00	16.36	152.00	20.74	202.00	25.11	252.00	29.49	302.00	33.86
3.00	3.50	53.00	12.08	103.00	16.45	153.00	20.83	203.00	25.20	253.00	29.58	303.00	33.95
4.00	3.94	54.00	12.16	104.00	16.54	154.00	20.91	204.00	25.29	254.00	29.66	304.00	34.04
5.00	4.38	55.00	12.25	105.00	16.63	155.00	21.00	205.00	25.38	255.00	29.75	305.00	34.13
6.00	5.25	56.00	12.34	106.00	16.71	156.00	21.09	206.00	25.46	256.00	29.84	306.00	34.21
7.00	5.43	57.00	12.43	107.00	16.80	157.00	21.18	207.00	25.55	257.00	29.93	307.00	34.30
8.00	5.60	58.00	12.51	108.00	16.89	158.00	21.26	208.00	25.64	258.00	30.01	308.00	34.39
9.00	5.78	59.00	12.60	109.00	16.98	159.00	21.35	209.00	25.73	259.00	30.10	309.00	34.48
10.00	5.95	60.00	12.69	110.00	17.06	160.00	21.44	210.00	25.81	260.00	30.19	310.00	34.56
11.00	6.13	61.00	12.78	111.00	17.15	161.00	21.53	211.00	25.90	261.00	30.28	311.00	34.65
12.00	6.30	62.00	12.86	112.00	17.24	162.00	21.61	212.00	25.99	262.00	30.36	312.00	34.74
13.00	6.48	63.00	12.95	113.00	17.33	163.00	21.70	213.00	26.08	263.00	30.45	313.00	34.83
14.00	6.65	64.00	13.04	114.00	17.41	164.00	21.79	214.00	26.16	264.00	30.54	314.00	34.91
15.00	6.83	65.00	13.13	115.00	17.50	165.00	21.88	215.00	26.25	265.00	30.63	315.00	35.00
16.00	7.00	66.00	13.21	116.00	17.59	166.00	21.96	216.00	26.34	266.00	30.71	316.00	35.09
17.00	7.21	67.00	13.30	117.00	17.68	167.00	22.05	217.00	26.43	267.00	30.80	317.00	35.18
18.00	7.44	68.00	13.39	118.00	17.76	168.00	22.14	218.00	26.51	268.00	30.89	318.00	35.26
19.00	7.65	69.00	13.48	119.00	17.85	169.00	22.23	219.00	26.60	269.00	30.98	319.00	35.35
20.00	7.88	70.00	13.56	120.00	17.94	170.00	22.31	220.00	26.69	270.00	31.06	320.00	35.44
21.00	8.05	71.00	13.65	121.00	18.03	171.00	22.40	221.00	26.78	271.00	31.15	321.00	35.53
22.00	8.23	72.00	13.74	122.00	18.11	172.00	22.49	222.00	26.86	272.00	31.24	322.00	35.61
23.00	8.40	73.00	13.83	123.00	18.20	173.00	22.58	223.00	26.95	273.00	31.33	323.00	35.70
24.00	8.58	74.00	13.91	124.00	18.29	174.00	22.66	224.00	27.04	274.00	31.41	324.00	35.79
25.00	8.75	75.00	14.00	125.00	18.38	175.00	22.75	225.00	27.13	275.00	31.50	325.00	35.88
26.00	8.93	76.00	14.09	126.00	18.46	176.00	22.84	226.00	27.21	276.00	31.59	326.00	35.96
27.00	9.10	77.00	14.18	127.00	18.55	177.00	22.93	227.00	27.30	277.00	31.68	327.00	36.05
28.00	9.28	78.00	14.26	128.00	18.64	178.00	23.01	228.00	27.39	278.00	31.76	328.00	36.14
29.00	9.45	79.00	14.35	129.00	18.73	179.00	23.10	229.00	27.48	279.00	31.85	329.00	36.23
30.00	9.63	80.00	14.44	130.00	18.81	180.00	23.19	230.00	27.56	280.00	31.94	330.00	36.31
31.00	9.80	81.00	14.53	131.00	18.90	181.00	23.28	231.00	27.65	281.00	32.03	331.00	36.40
32.00	9.98	82.00	14.61	132.00	18.99	182.00	23.36	232.00	27.74	282.00	32.11	332.00	36.49
33.00	10.15	83.00	14.70	133.00	19.08	183.00	23.45	233.00	27.83	283.00	32.20	333.00	36.58
34.00	10.33	84.00	14.79	134.00	19.16	184.00	23.54	234.00	27.91	284.00	32.29	334.00	36.66
35.00	10.50	85.00	14.88	135.00	19.25	185.00	23.63	235.00	28.00	285.00	32.38	335.00	36.75
36.00	10.59	86.00	14.96	136.00	19.34	186.00	23.71	236.00	28.09	286.00	32.46	336.00	36.84
37.00	10.68	87.00	15.05	137.00	19.43	187.00	23.80	237.00	28.18	287.00	32.55	337.00	36.93
38.00	10.76	88.00	15.14	138.00	19.51	188.00	23.89	238.00	28.26	288.00	32.64	338.00	37.01
39.00	10.85	89.00	15.23	139.00	19.60	189.00	23.98	239.00	28.35	289.00	32.73	339.00	37.10
40.00	10.94	90.00	15.31	140.00	19.69	190.00	24.06	240.00	28.44	290.00	32.81	340.00	37.19
41.00	11.03	91.00	15.40	141.00	19.78	191.00	24.15	241.00	28.53	291.00	32.90	341.00	37.28
42.00	11.11	92.00	15.49	142.00	19.86	192.00	24.24	242.00	28.61	292.00	32.99	342.00	37.36
43.00	11.20	93.00	15.58	143.00	19.95	193.00	24.33	243.00	28.70	293.00	33.08	343.00	37.45
44.00	11.29	94.00	15.66	144.00	20.04	194.00	24.41	244.00	28.79	294.00	33.16	344.00	37.54
45.00	11.38	95.00	15.75	145.00	20.13	195.00	24.50	245.00	28.88	295.00	33.25	345.00	37.63
46.00	11.46	96.00	15.84	146.00	20.21	196.00	24.59	246.00	28.96	296.00	33.34	346.00	37.71
47.00	11.55	97.00	15.93	147.00	20.30	197.00	24.68	247.00	29.05	297.00	33.43	347.00	37.80
48.00	11.64	98.00	16.01	148.00	20.39	198.00	24.76	248.00	29.14	298.00	33.51	348.00	37.89
49.00	11.73	99.00	16.10	149.00	20.48	199.00	24.85	249.00	29.23	299.00	33.60	349.00	37.98
50.00	11.81	100.00	16.19	150.00	20.56	200.00	24.94	250.00	29.31	300.00	33.69	350.00	38.06

TABLE VIII (Rule 42.3)

Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor	Number of Principals	Practice Loading Factor
1.00	1.44	51.00	8.92	101.00	12.21	151.00	15.48	201.00	18.77	251.00	22.05	301.00	25.33
2.00	2.10	52.00	8.99	102.00	12.27	152.00	15.55	202.00	18.83	252.00	22.11	302.00	25.39
3.00	2.62	53.00	9.06	103.00	12.33	153.00	15.62	203.00	18.90	253.00	22.18	303.00	25.46
4.00	2.95	54.00	9.12	104.00	12.40	154.00	15.68	204.00	18.96	254.00	22.24	304.00	25.52
5.00	3.28	55.00	9.18	105.00	12.47	155.00	15.75	205.00	19.03	255.00	22.31	305.00	25.59
6.00	3.93	56.00	9.25	106.00	12.53	156.00	15.81	206.00	19.09	256.00	22.38	306.00	25.65
7.00	4.07	57.00	9.32	107.00	12.60	157.00	15.88	207.00	19.16	257.00	22.44	307.00	25.72
8.00	4.20	58.00	9.38	108.00	12.66	158.00	15.94	208.00	19.23	258.00	22.50	308.00	25.79
9.00	4.33	59.00	9.45	109.00	12.73	159.00	16.01	209.00	19.29	259.00	22.57	309.00	25.85
10.00	4.46	60.00	9.51	110.00	12.79	160.00	16.08	210.00	19.35	260.00	22.64	310.00	25.92
11.00	4.59	61.00	9.58	111.00	12.86	161.00	16.14	211.00	19.42	261.00	22.71	311.00	25.98
12.00	4.72	62.00	9.64	112.00	12.93	162.00	16.20	212.00	19.49	262.00	22.77	312.00	26.05
13.00	4.86	63.00	9.71	113.00	12.99	163.00	16.27	213.00	19.56	263.00	22.83	313.00	26.11
14.00	4.98	64.00	9.78	114.00	13.05	164.00	16.34	214.00	19.62	264.00	22.90	314.00	26.18
15.00	5.12	65.00	9.84	115.00	13.12	165.00	16.41	215.00	19.68	265.00	22.97	315.00	26.25
16.00	5.25	66.00	9.90	116.00	13.19	166.00	16.47	216.00	19.75	266.00	23.03	316.00	26.31
17.00	5.40	67.00	9.97	117.00	13.26	167.00	16.53	217.00	19.82	267.00	23.10	317.00	26.38
18.00	5.58	68.00	10.04	118.00	13.32	168.00	16.60	218.00	19.88	268.00	23.16	318.00	26.44
19.00	5.73	69.00	10.11	119.00	13.38	169.00	16.67	219.00	19.95	269.00	23.23	319.00	26.51
20.00	5.91	70.00	10.17	120.00	13.45	170.00	16.73	220.00	20.01	270.00	23.29	320.00	26.57
21.00	6.03	71.00	10.23	121.00	13.52	171.00	16.80	221.00	20.08	271.00	23.36	321.00	26.64
22.00	6.17	72.00	10.30	122.00	13.58	172.00	16.86	222.00	20.14	272.00	23.43	322.00	26.70
23.00	6.30	73.00	10.37	123.00	13.65	173.00	16.93	223.00	20.21	273.00	23.49	323.00	26.77
24.00	6.43	74.00	10.43	124.00	13.71	174.00	16.99	224.00	20.28	274.00	23.55	324.00	26.84

25.00	6.56	75.00	10.50	125.00	13.78	175.00	17.06	225.00	20.34	275.00	23.62	325.00	26.90
26.00	6.69	76.00	10.56	126.00	13.84	176.00	17.13	226.00	20.40	276.00	23.69	326.00	26.97
27.00	6.82	77.00	10.63	127.00	13.91	177.00	17.19	227.00	20.47	277.00	23.76	327.00	27.03
28.00	6.96	78.00	10.69	128.00	13.98	178.00	17.25	228.00	20.54	278.00	23.82	328.00	27.10
29.00	7.08	79.00	10.76	129.00	14.04	179.00	17.32	229.00	20.61	279.00	23.88	329.00	27.16
30.00	7.22	80.00	10.83	130.00	14.10	180.00	17.39	230.00	20.67	280.00	23.95	330.00	27.23
31.00	7.35	81.00	10.89	131.00	14.17	181.00	17.46	231.00	20.73	281.00	24.02	331.00	27.30
32.00	7.48	82.00	10.95	132.00	14.24	182.00	17.52	232.00	20.80	282.00	24.08	332.00	27.36
33.00	7.61	83.00	11.02	133.00	14.31	183.00	17.58	233.00	20.87	283.00	24.15	333.00	27.43
34.00	7.74	84.00	11.09	134.00	14.37	184.00	17.65	234.00	20.93	284.00	24.21	334.00	27.49
35.00	7.87	85.00	11.16	135.00	14.43	185.00	17.72	235.00	21.00	285.00	24.28	335.00	27.56
36.00	7.94	86.00	11.22	136.00	14.50	186.00	17.78	236.00	21.06	286.00	24.34	336.00	27.62
37.00	8.01	87.00	11.28	137.00	14.57	187.00	17.85	237.00	21.13	287.00	24.41	337.00	27.69
38.00	8.07	88.00	11.35	138.00	14.63	188.00	17.91	238.00	21.19	288.00	24.48	338.00	27.75
39.00	8.13	89.00	11.42	139.00	14.70	189.00	17.98	239.00	21.26	289.00	24.54	339.00	27.82
40.00	8.20	90.00	11.48	140.00	14.76	190.00	18.04	240.00	21.33	290.00	24.60	340.00	27.89
41.00	8.27	91.00	11.55	141.00	14.83	191.00	18.11	241.00	21.39	291.00	24.67	341.00	27.95
42.00	8.33	92.00	11.61	142.00	14.89	192.00	18.18	242.00	21.45	292.00	24.74	342.00	28.02
43.00	8.40	93.00	11.68	143.00	14.96	193.00	18.24	243.00	21.52	293.00	24.81	343.00	28.08
44.00	8.46	94.00	11.74	144.00	15.03	194.00	18.30	244.00	21.59	294.00	24.87	344.00	28.15
45.00	8.53	95.00	11.81	145.00	15.09	195.00	18.37	245.00	21.66	295.00	24.93	345.00	28.21
46.00	8.59	96.00	11.88	146.00	15.15	196.00	18.44	246.00	21.72	296.00	25.00	346.00	28.28
47.00	8.66	97.00	11.94	147.00	15.22	197.00	18.51	247.00	21.78	297.00	25.07	347.00	28.35
48.00	8.73	98.00	12.00	148.00	15.29	198.00	18.57	248.00	21.85	298.00	25.13	348.00	28.41
49.00	8.79	99.00	12.07	149.00	15.36	199.00	18.63	249.00	21.92	299.00	25.20	349.00	28.48
50.00	8.85	100.00	12.14	150.00	15.42	200.00	18.70	250.00	21.98	300.00	25.26	350.00	28.54

43. STRUCTURAL SURVEYS AND FORMAL VALUATIONS OF PROPERTY

- (a) In addition to any Contributions otherwise provided for by these Rules, any Practice or Successor Practice providing structural surveys and/or formal valuations of property shall immediately pay an additional Contribution of £1,000 per Practice per Indemnity Period or a due proportion of that sum in respect of a Practice which provides such services for only part of the Relevant Indemnity Period.
- (b) Any such Practice or Successor Practice shall notify Solicitors Indemnity Fund Limited immediately of the following:
- (i) its intention to provide structural surveys and/or formal valuations of property, and
 - (ii) the number, names and qualifications of all individuals who will undertake such work within the Practice and the like information in respect of any changes or additions which may occur during the Indemnity Period.

44. PAYMENT BY INSTALMENTS - ADDITIONAL CHARGE

Any Contribution provided for by these Rules in respect of any Practice which is to be paid in instalments by direct debit, shall be subject to a charge of 4%.

45. VALUE ADDED TAX

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 the Contributions payable hereunder.

46. DECISIONS BY THE SOCIETY

For the purpose of determining the amount of any Contribution required by these

Rules the Society's decision shall be final and binding on all affected on any question arising as to:

- (a) the part of any Practice merged, acquired or succeeded to;
- (b) the due proportion of any Gross Fees or Default Initial Contribution;
- (c) the number of Principals in any Practice at any date;
- (d) the information and position (including the date) in accordance with which any adjustment of Initial Contribution (if any) is assessed under Rules 39, 40 and 43;
- (e) the categories of work and the risk factors (if any) which such categories may attract and the categories which are to be regarded as low risk work;
- (f) the calculation and/or the amount of any claims adjustment under Rule 42;
- (g) the Initial Contribution payable in any case of succession;
- (h) the calculation and/or amount of any Supplementary Contributions;
- (i) the Gross Fees to be attributed to the offices in England and Wales of a partnership or recognised body whose overseas offices are deemed to form a Separate Practice by virtue of Rule 12.21(b).

PART V - MANAGEMENT AND ADMINISTRATION OF THE FUND

47. POWERS OF THE SOCIETY

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.

48. POWERS OF SOLICITORS INDEMNITY FUND LIMITED

Without limiting the generality of Rule 47, the management and administration of the Fund shall include power:

- (a) to collect and recover Contributions due to the Fund in accordance with these Rules;
- (b) to 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) to 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) to 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 20;
- (e) to 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) to 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) to exercise any right of subrogation save where such rights are waived in accordance with these Rules;
- (h) to maintain full and proper records and statistics (which subject to Rule 49, 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) to 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 49, 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) to engage the assistance of any third party in respect of all or any aspect(s) of the management and administration of the Fund;
- (k) to delegate to any third party all or any aspect(s) of the management and administration of the Fund;
- (l) to 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) to 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) to 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) to disburse and/or reimburse out of the Fund the costs, fees and expenses of the handling after 31st August 1987 of claims and potential claims against Assureds notified under the Master Policies and Master Policy Certificates;
- (p) to 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.

49. USE OF INFORMATION

- 49.1 Without prejudice to the Society's power under Rule 8 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 13, 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.
- 49.2 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:
- (a) where Solicitors Indemnity Fund Limited or the Society shall have reason to suspect dishonesty on the part of any Practice, Previous, Subsequent or Successor Practice or any Member or former Member thereof;
 - (b) where Solicitors Indemnity Fund Limited considers that there has been any non-compliance with Rule 19.7.
- 49.3 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 10 or to make a determination under Rule 46.

49.4 Solicitors Indemnity Fund Limited may give to the Society at any time and in such manner as it may determine information (whether or not obtained in the course of investigating and handling any claim made or intimated or any circumstances notified as mentioned in Rule 13) as to

- (a) the failure to provide information in respect of any Practice as required by Part III or any material omission or inaccuracy in such information;
- (b) the payment or non-payment in respect of any Practice of any Contribution or Value Added Tax due and payable in accordance with these Rules;

together with a copy of any relevant Certificate, Notice of Succession or other notice under Part III and of any notice calculating or specifying any Contribution due or payable.

49.5 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:

- (i) the nature, incidence or value of paid and/or reserved claims in respect of any such Practice or Member; or
- (ii) 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
- (iii) failure on the part of a Practice or Member thereof to comply with their obligations under these Rules;

and for the purposes of paragraphs (ii) and (iii) 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.

49.6 In the exercise of the powers set out in Rule 49.5 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.

50. RISK MANAGEMENT

50.1 Every Practice and Member thereof shall take a responsible approach to risk management and shall practice in a manner conducive to the prevention of any claim for which indemnity is provided under these Rules.

50.2 Solicitors Indemnity Fund Limited may impose such risk management measures which, in the opinion of Solicitors Indemnity Fund Limited, are appropriate on any Practice or Member thereof and every such Practice or Member thereof shall co-

operate with Solicitors Indemnity Fund Limited and with any person appointed for the purpose by Solicitors Indemnity Fund Limited, notwithstanding that such measures may result in expenditure being incurred by the Practice or Member.

- 50.3 The Society may in respect of any Practice or Member thereof notified to the Society by the Solicitors Indemnity Fund Limited pursuant to Rule 49.5 investigate and monitor the conduct of such Practice or Member for such period or periods, as in the Society's opinion, is appropriate and every such Practice or Member shall be obliged to co-operate with the Society in this respect.