

Changes to the solicitors indemnity fund

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Indemnity cover after six years

Our indemnity insurance rules require a firm that is closing without a successor practice to have in place six years of 'run-off' cover to provide for clients and third parties who might make claims for negligence after that practice has shut.

A separate indemnity arrangement exists for claims made after that six-year period has ended. Since 2004, this cover has been provided by the Solicitors Indemnity Fund (SIF), managed by Solicitors Indemnity Fund Limited (SIFL).

However, the SIF could not run indefinitely in its current form. We therefore consulted on the full range of options and decided that the most cost-effective and proportionate solution to providing appropriate consumer protection for post six-year claims was that we managed the SIF. Further consultation then took place on the details of the scheme.

From 1 October 2023 there will be a transfer of control of the SIF from SIFL to the SRA. The changes will revoke the date (30 September 2023) SIF was due to close to new claims. This means that SIF will continue to provide protection for consumers who suffer a loss from the negligence of a solicitor but for whatever reason cannot make a claim for more than six years after the firm has closed.

It will also provide certainty of coverage for the other liabilities that SIFL currently handles:

- Claims made during the period a firm was covered by the SIF (1 September 1987 to 31 August 2000).
- Claims made after 31 August 2000 by law firms that ceased without a successor practice on or before 31 August 2000.

You can read more about this scheme here

<https://www.sra.org.uk/sra/news/press/2023-press-releases/six-year-negligence-claims-rules/>

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Interim arrangements

SIFL will continue to manage new and existing post six-year run-off cover claims made against firms which have closed without a successor practice

until 30 September 2023.

In this interim period, it is for SIFL as claims managers to consider whether there has been a demand for, or an assertion of a right to, civil compensation or civil damages or an intention to seek such compensation or damages by a claimant that they need to respond to.

Further information on this is available from our Professional Ethics helpline
[<https://www.sra.org.uk/contactus>]