

SRA BOARD**CLASSIFICATION – PUBLIC**

SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 11 May 2020 at 12.20 by phone and Skype

Subject to final approval by the SRA Board at its meeting on 2 June 2020

Present: Anna Bradley (Chair)
David Heath
Peter Higson
Paul Loft
Barry Matthews
Geoff Nicholas
Dame Denise Platt
Selina Ullah
Elaine Williams
Tony Williams
David Willis

In attendance: Paul Philip, Mark Draisey, Robert Loughlin, Jane Malcolm, Juliet Oliver, Liz Rosser, Tracy Vegro, Julie Brannan, Chris Handford, Dominic Tambling

1 WELCOME AND APOLOGIES

1.1 The Chair welcomed Board members to the meeting for which there was only one substantive item of business. There were no apologies.

2 PROFESSIONAL INDEMNITY INSURANCE – POST SIX-YEAR RUN OFF COVER

2.1 The Board was asked to consider whether there was a change to the environment that suggested a regulatory response was required to protect clients bringing claims from September 2020 onwards against firms which are outside the six-year run off period.

2.2 The Board was reminded of the background to the establishment of SIF and its decision that six years was the appropriate level of run-off cover that had been fixed in our mandatory PII requirements. It was also reminded of its decision, following a request from the Law Society in 2016, not to agree a three-year extension to SIF's role providing indemnity cover to firms receiving post six year run off cover claims, beyond the existing 30 September 2020 cut off point (background detail is provided in the paper for this item [\[link\]](#)).

2.3 The Chair of the Law Society Board had written to the Chair of the SRA Board on Friday 1 May in light of the Covid-19 pandemic, setting out that in view of the current extraordinary circumstances the Society believed that it was both appropriate and necessary to extend the protection provided under the SIF scheme for a further three years.

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- 2.4 The Board was therefore asked to decide whether the latest information, included in the paper, suggested a material change to the position in 2016 which indicated that further consideration should be given to regulatory action in respect of claims brought after the six year run off period.
- 2.5 If the Board was minded to consider an extension it was anticipated that it would need to take its own view on the proportionality of continuing to operate the SIF in order to meet post six year run off liabilities, based on an up to date and independent understanding of SIF's current and projected exposure to claims from an actuarial assessment.
- 2.6 Two Board members declared interests:
- i. David Heath declared an interest as he was Chair of the Policy and Public Affairs Board of the Institute and Faculty of Actuaries and the paper proposed the commissioning of actuarial advice
 - ii. Tony Williams declared a potential interest as firms in which he had previously had an interest might potentially benefit from any extension to the run-off cover period, though he was not aware that any of those firms had made, or intended to make, claims with SIF.
- 2.7 In discussion the Board noted that the market for securing run off cover did anecdotally appear to be particularly tough at the present time, particularly for those seeking an extension beyond six years. It was not, though, clear that the effects of Covid-19 were such that the Board's earlier decisions in relation to run-off cover should be changed.
- 2.8 The Board also asked that additional work be done to better understand both how Covid-19 is impacting on the PII market as it relates to our present obligations on firms generally, and also in relation to the specific obligation that solicitors closing businesses source six years' worth of run- off cover, given the suggested difficulties in accessing such an indemnity product.
- 2.9 The Board agreed with the recommendation that SIFL should conduct an actuarial analysis of the potential exposure to post six year run off claims for a one, two and three-year period from 30 September 2020.
- 2.10 A further analysis of costs, implications and alternatives would be brought to the Board once the actuarial work which SIFL would commission had been carried out.

NB: annexes 2 and 3 of the paper relating to this item will not be published as they are commercially sensitive.

3 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 3.1 There was no other business. The next meeting would be held on 2 June 2020 at 10.00.