

News release

Solicitors Indemnity Fund extended to allow for further consideration

12 April 2022

Following consultation on the future of post six-year run-off cover, the Solicitors Regulation Authority (SRA) has announced that it will seek a further 12-month extension to the Solicitors Indemnity Fund (SIF) - to September 2023 - to enable detailed consideration of key points raised in feedback.

The consultation, which ran from November 2021 to January 2022, saw more than 330 formal responses submitted and direct engagement with around 3,200 people. The majority of respondents did not support the preferred option of ending the requirement for post six-year run-off cover (PSYROC).

Key themes in the feedback included:

- recognition that although the number of post six-year claim volumes are relatively small, the potential impact on individual consumers could be significant if no protections are in place
- that law firms and solicitors have expressed that they are willing to contribute toward funding any future arrangements
- that the cost of funding any future arrangements, if passed on to individual consumers, would be minimal from their perspective
- that there is a risk that future post six-year claims may be volatile, not always remaining low, which could affect future funding requirements

The SRA sought views on a range of options, including exploring different models for providing cover, ending the requirement for PSYROC, and seeking an alternative on the open market. As a result of feedback, the open market solution has been ruled out.

The SRA recognises the strength of feedback that consumer protection in this area should not be removed, but it still has serious concerns that the current costs of running the SIF are higher than they should be for the benefit delivered. It will therefore carry out further work to assess whether there are options for providing consumer protection in a more proportionate way.

Anna Bradley, Chair of the SRA, said: 'The level and depth of feedback has been hugely helpful in giving us evidence to move our thinking forward. There was widespread agreement that providing

appropriate consumer protection was key, but there is clearly still room for debate about how this might be delivered.

'We want to work closely with stakeholders, including particularly the Law Society, to build on the constructive ideas we heard from the consultation, and explore credible, value-for-money options that could provide efficient and effective consumer protection. We can then make a decision on the long-term position.'

The Board has not made a decision on the future of PSYROC at this stage, but has asked for further policy work to be done, which will be brought back to it before the end of the summer. If a new arrangement were to be proposed, a further public consultation would be carried out on the detail.

Extending the SIF to September 2023 will be subject to formal approval by the Legal Services Board. Before then, the SRA will also need to obtain formal confirmation from Solicitors Indemnity Fund Limited (SIFL) that this extension is affordable without an additional levy.

To read full a [report on responses](https://www.sra.org.uk/sra/consultations/consultation-listing/solicitors-indemnity-fund/) [<https://www.sra.org.uk/sra/consultations/consultation-listing/solicitors-indemnity-fund/>] to the SRAs consultation on future provision of post six-year run-off cover.