

SRA Authorisation, Practising and Handbook Glossary (Amendment) Rules 2013

Rules dated 13 June 2013 made by the Solicitors Regulation Authority Board.

Made under Part I, Part II, sections 13,13ZA, 31, 79 and 80 of, and paragraph 6B of Schedule 1 to, the Solicitors Act 1974 and sections 9 and 9A of, and paragraphs 14A, 14B and 32 to 34 of Schedule 2 to, the Administration of Justice Act 1985, paragraphs 2 and 3 of Schedule 14 to the Courts and Legal Services Act 1990 and section 83 of, and Schedule 11 to, the Legal Services Act 2007, with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007.

Rule 1

The SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011 shall be amended as follows:

(a) insert Rule 8.11 as follows:

"8.11 Condition relating to the cessation period for indemnity purposes

(a) When an *authorised body* becomes subject to cover under the *cessation period*, it must immediately, and for the duration of the *cessation period*, desist from carrying out any *legal activities*, save that it may undertake work required to discharge its obligations within the scope of *existing instructions*, or which is necessary in connection with the discharge of such obligations.";

(b) in Guidance note (xv)(a) to Rule 8, replace "." with ";" at the end of (E) and insert:

"(F) Rule 17.3 of the SRA Indemnity Insurance Rules 2013 or any subsequent rules thereto."

Rule 2

The SRA Practising Regulations 2011 shall be amended as follows:

(a) insert regulation 4.15 as follows:

"4.15 Condition relating to the cessation period for indemnity purposes

(a) When a *recognised sole practitioner's firm* becomes subject to cover under the *cessation period*, it must immediately, and for the duration of the *cessation period*, desist from carrying out any *legal activities*, save that it may undertake work required to discharge its obligations within the scope of *existing instructions*, or which is necessary in connection with the discharge of such obligations.";

- (b) in Guidance note (xii)(a) to regulation 4, replace "." with ";" at the end of (D) and insert:

"(E) Rule 17.3 of the SRA Indemnity Insurance Rules 2013 or any subsequent rules thereto."

Rule 3

The SRA Handbook Glossary 2012 shall be amended as follows:

- (a) replace the definition of "**ARP**" with:

"ARP

means the Assigned Risks Pool, namely, the arrangements by which certain *firms* obtained professional indemnity insurance against civil liability up to 30 September 2013 pursuant to and on the terms set out in the SRA Indemnity Insurance Rules 2012 (and prior variations thereof).";

- (b) delete the definition of "**ARP policy**";
- (c) delete the definition of "**ARP premium**";
- (d) delete the definition of "**ARP run-off policy**";
- (e) delete the definition of "**ARP run-off premium**";
- (f) replace the definition of "**cessation period**" with:

"cessation period

means the period commencing on the expiry of the *extended indemnity period* where, during the *extended indemnity period* the relevant *firm* has not ceased *practice* or obtained a *policy of qualifying insurance* incepting with effect on and from the day immediately following expiration of the *policy period*, and ending on the date which is the earlier to occur of:

- (i) the date, if any, on which the *firm* obtains a *policy of qualifying insurance* incepting with effect on and from the from the day immediately following expiration of the *policy period*;
- (ii) the date which is 90 days after the commencement of the *extended indemnity period*; or
- (iii) the date on which the *insured firm's practice* ceases.";
- (g) in the definition of "**difference in conditions policy**", replace "*qualifying insurers*" with "*participating insurers*";
- (h) delete the definition of "**eligible firm**";
- (i) replace the definition of "**extended indemnity period**" with:

" extended indemnity period

means the period commencing at the end of the *policy period* and ending on the date which is the earlier to occur of:

- (i) the date, if any, on which the *firm* obtains a *policy* of *qualifying insurance* incepting on and with effect from the day immediately following the expiration of the *policy period*;
- (ii) the date which is 30 days after the end of the *policy period*; or
- (iii) the date on which the *insured firm's practice* ceases.";

(j) delete the definition of **"firm in default"**;

(k) in the definition of **"insolvency event"**, replace "*qualifying insurer*" with "*participating insurer*", and replace "*qualifying insurer's*" with "*participating insurer's*";

(l) after the definition of **"parent training establishment"**, insert:

"participating insurer

means an *authorised insurer* which has entered into a *participating insurer's agreement* with the *Society* which remains in force for the purposes of underwriting new business at the date on which the relevant contract of *qualifying insurance* is made.

participating insurer's agreement

means an agreement in such terms as the *Society* may prescribe setting out the terms and conditions on which a *participating insurer* may provide professional indemnity insurance to *solicitors* and others in *private practice* in England and Wales.";

(m) delete the definition of **"period of default"**;

(n) replace the definition of **"policy"** with:

"policy

means a contract of professional indemnity insurance made between one or more *persons*, each of which is a *participating insurer*, and a *firm*.";

(o) in the definition of **"policy default"**:

- (i) in paragraph (i)(A) delete "(including without limitation any payment due under Rule 15.1 of those Rules)",
- (ii) replace paragraphs (i)(B) and (C) with:

"(B) to reimburse within two months a *participating insurer* in respect of any amount falling within a *firm's policy* excess which has been paid on an insured's behalf to a claimant by a *participating insurer*,";

(p) replace the definition of "**policy period**" with:

"policy period

means the *period of insurance* in respect of which risks may attach under a *policy*, but excluding the *extended indemnity period* and the *cessation period*.";

(q) delete the definition of "**qualifying insurer**";

(r) delete the definition of "**qualifying insurer's agreement**";

(s) in the definition of "**run-off firm**", replace "*qualifying insurer*" with "*participating insurer*";

(t) in the definition of "**SIIR**", after "2011" insert "to 2012,";

(u) delete the definition of "**special measures**";

(v) in the definition of "**SRA Indemnity Insurance Rules**", replace "2012" with "2013"; and

(w) delete the definition of "**successor firm**".

Rule 4

These amendment rules shall come into force on 1 October 2013.