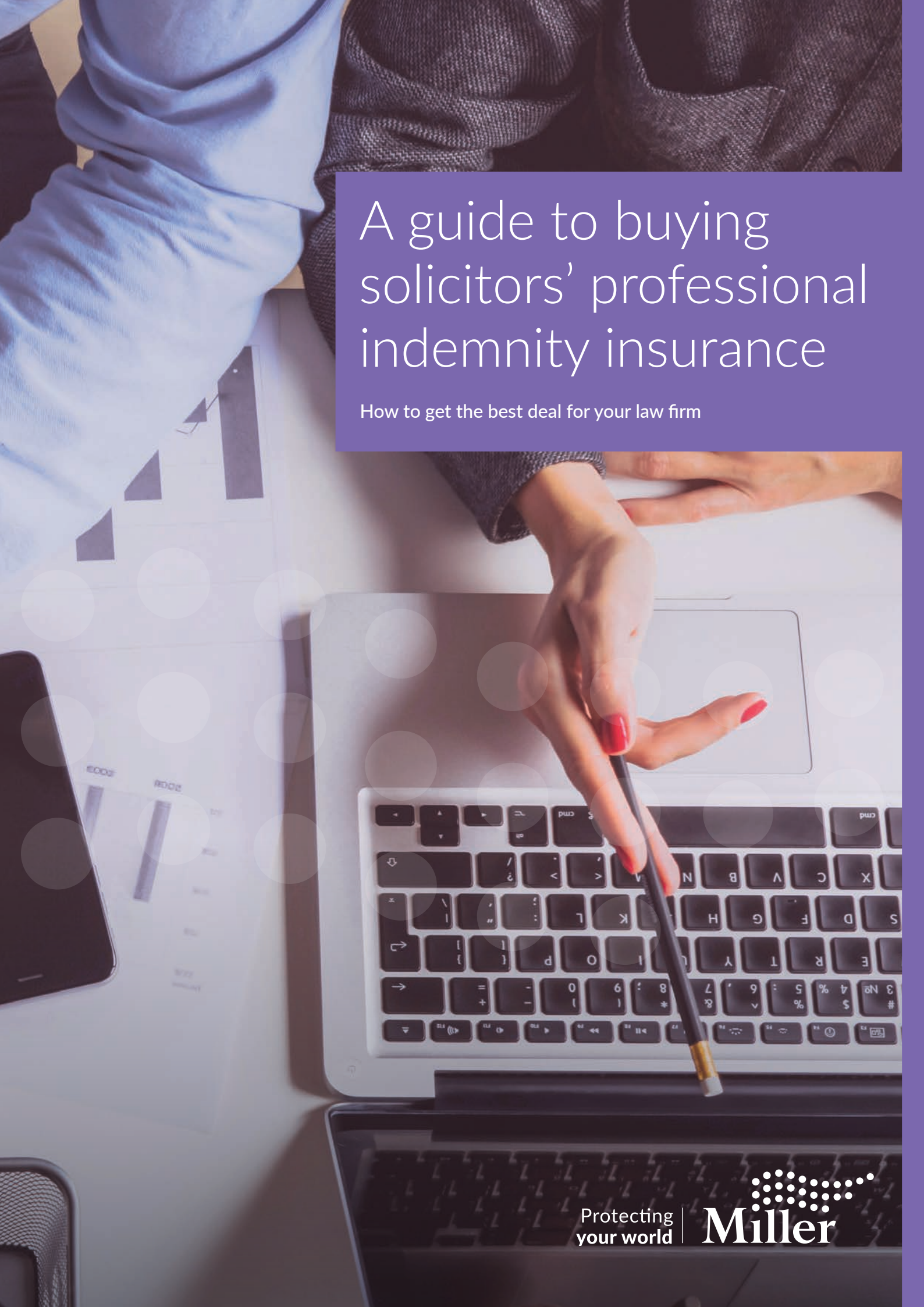


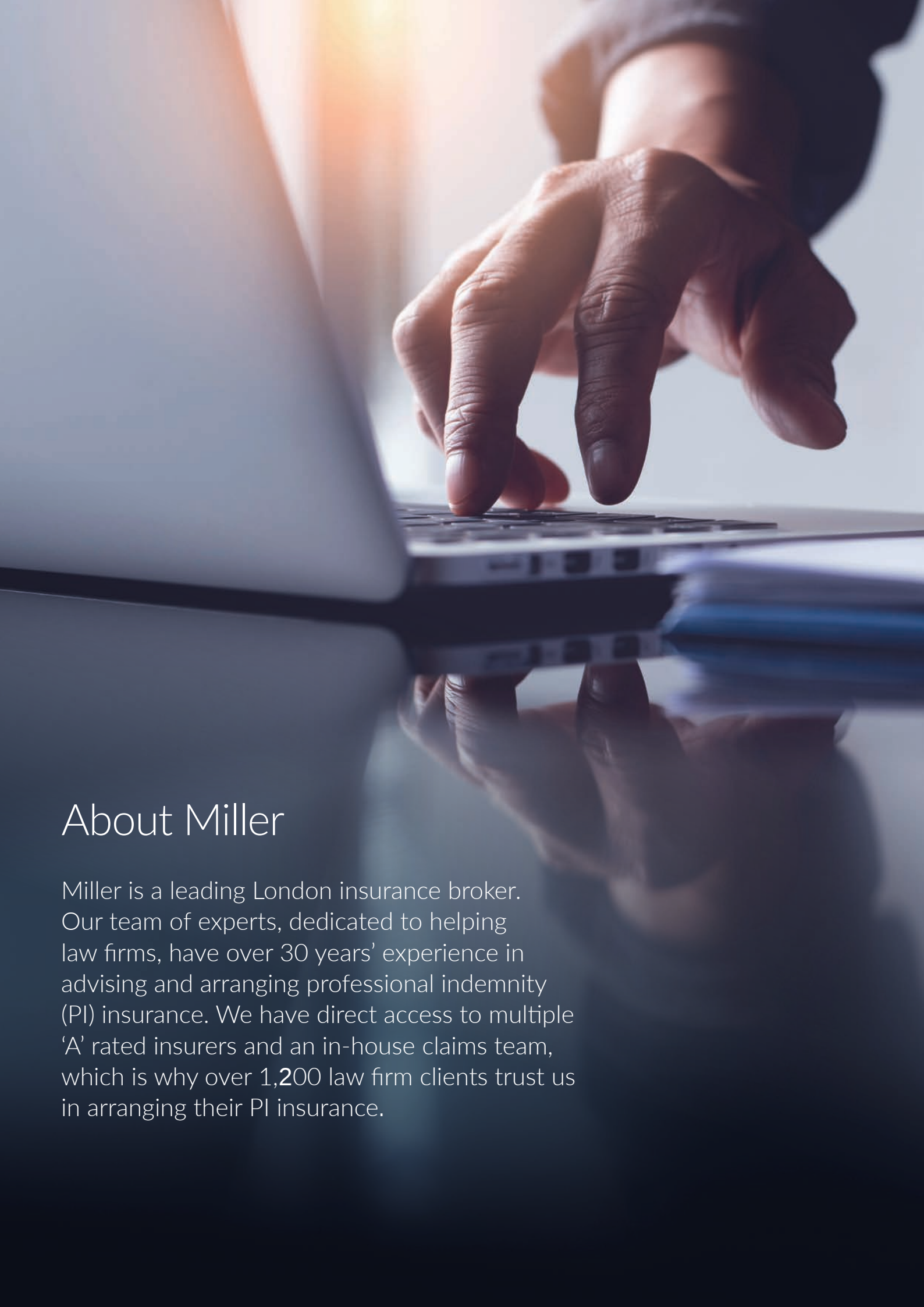


A guide to buying solicitors' professional indemnity insurance

How to get the best deal for your law firm

Protecting
your world


Miller



About Miller

Miller is a leading London insurance broker. Our team of experts, dedicated to helping law firms, have over 30 years' experience in advising and arranging professional indemnity (PI) insurance. We have direct access to multiple 'A' rated insurers and an in-house claims team, which is why over 1,200 law firm clients trust us in arranging their PI insurance.



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Supporting solicitors throughout the PI insurance lifecycle

Choosing the right PI insurance policy is the most important decision a law firm will ever make. It protects your business and offers you peace of mind.

The insurance market can seem confusing, and even daunting, to many law firms: 77% of respondents to a recent survey of lawyers we commissioned said they struggle to understand the process of renewing their PI insurance. A further 66% said they want advice on understanding their PI policy and which is the best cover for them to buy.

At Miller, we recognise that every law firm's needs are different and must be matched with the right insurer for their business. Yet we also understand that the breadth of options for PI insurance can be difficult and confusing. This is why we have produced this guide to help you understand the process and to give you the essential information you need to make the right decisions.

Don't be fooled into thinking that every insurance policy is the same.

Every insurer has a different outlook, expertise, speciality, financial strength and appetite, so it's important to find the right one for your law firm's individual needs.

In this guide we explain what PI insurance covers, how to find the right broker and insurer, making the right impression in your proposal form, what to consider when renewing your policy, making a claim and what to do if you're struggling to find cover.

Contact us

If you have any further queries, don't hesitate to contact us on 020 7031 2800 or solicitors@miller-insurance.com

Navigating your path to solicitors' PI insurance



Find the right broker – they'll save you time, money and hassle by working with you to get the best deal. To maximise your chances of success, start early.



90
days before
renewal

Don't go it alone – the experts can help you get what you need

- Speak to your broker and ask which insurers they have direct access to
- Early renewal is the easiest option – is it right for you or should you look for other quotes?
- Collect your claims summaries for the last six years – make sure they're up-to-date
- Get a proposal form and review what information you'll need

Don't fall foul by leaving it late – you might not get insurance in time



Speak to us on 020 7031 2800



Visit www.miller-insurance.com/solicitors



60
days before
renewal

Do put in the legwork needed to make a good impression and secure the best deal

- Demonstrate why your business is a good risk to insurers – you might get a better deal
- Get the right cover by making sure you are open and honest about your business:
 - Has your mix of work or fee income changed?
 - How do you manage risk?
- Submit your proposal including an executive summary highlighting your firm's strengths



30
days before
renewal

Make your decision and get back to business

- Review the quotes you've received
- Choose the insurer, inform your broker and arrange payment
- Review your documentation carefully
- Gather the information ready for your SRA certification application

Professional indemnity insurance explained

Every practicing solicitor must have PI insurance, which protects you against negligence claims made by clients. You may not have done anything wrong, but allegations made against you could lead to a long and expensive case.

You need to buy a policy from an insurer that has signed the Solicitors Regulation Authority's (SRA) Participating Insurer's Agreement, under which it agrees to provide a minimum level of cover. Since 2014, solicitors have been able to renew their policies all year round. This means that law firms can renew their policy at any time and can benefit from longer periods of insurance.

It's advisable to begin preparing for a new policy 90 days before renewal (see Navigating your path to solicitors' PI insurance, page 3).



Leaving it until the last minute can sometimes mean you get a cheap deal, but you run the risk of not having a new policy by the time your old one runs out. You have 90 days after it expires to find cover, otherwise your law firm will have to close.

How much you pay will depend on a number of factors, including your firm's revenue, type of work and previous claims. An insurer might also reduce your premium if you can show that your firm's procedures and working practices reduce the risk of mistakes that could eventually lead to claims.

How does PI insurance protect my firm?

PI insurance protects you in the event of a claim for damages or compensation. Your insurer will pay the amount awarded to your client, as well as their legal costs, after your 'excess' – the amount you pay towards a claim agreed in your policy. Your insurer will also pay your costs incurred in defending the claim.

The policy also protects your firm against other problems, including the theft of money from client accounts by employees and cyber criminals. It protects you even after your practice shuts, for claims made up to six years after it closes, offering you real peace of mind if you choose to retire or sell the business.

How much cover do I need?

The SRA requires every law firm to buy at least £2 million in coverage, although LLPs and other larger firms must have at least £3 million. Your firm can buy more cover if necessary, and law firms in England and Wales are now required to assess what is an 'appropriate' amount of cover to buy, based on their individual needs, such as their size and the kind of work they do.

What is the 'insurance market cycle' – and why does it matter?

Conditions within the insurance market will have a big effect on the cost and the scope of your cover. When the market is 'soft' insurers will compete by offering broad coverage at a cheap price. But when the market is 'hard' there tend to be fewer insurers, offering narrower cover at higher prices. In past hard markets, some law firms have found it difficult to find insurance, such as sole practitioners or small firms with fewer than five partners, or those that derive more than a quarter of their income from conveyancing. Even some firms with clean claims records struggled to find insurance.

How to choose the right broker and insurer

Most PI insurers will not sell directly to solicitors, but only through brokers. Take your time and do some homework before deciding which broker and insurer you use. Find ones that suit your particular needs, based on your size, work and history.

A PI insurance policy is one of the largest purchases a law firm makes, so it's important that you choose the right one.

First, you should decide what matters most to your firm about its insurance. A competent broker should start by asking what your law firm's requirements are and then source insurance terms to meet those requirements. These could include:

- Price
- Excess
- Limit
- Financial security rating
- Insurer reputation and track record

A good broker will help you navigate the insurance market, advising you on which insurers to approach, how to present your firm positively and effectively to the underwriters and which is the best deal to choose.

If you have a claim then your broker should support you through the process.



More insurers = more choice

The solicitors' PI insurance market is highly competitive, but not every broker has direct access to every insurer. Some PII brokers will work exclusively with one insurer, so it is worth finding out which insurers a broker can do business with. You can then compare that number with the full list of companies operating in this market, available on either the SRA or Law Society's websites.

A 'sub-broker' does not have direct access to insurers, but uses larger, specialist PI brokers to deal with insurers on their clients' behalf.

A 'tied broker' has a contract with a particular insurer, which means it can only do business with that company. If you want cover from another insurer, then that broker will have to use another broker to approach that insurer on your behalf.

Why does an insurer's financial strength matter?

An insurer's financial strength is very important, as your firm could be seriously affected if your insurer is unable to pay your claim. Independent agencies, such as Standard & Poor's, A.M. Best and Moody's, provide official financial strength ratings for insurers, which you can use to compare the companies from which your broker has got quotes for you. An unrated insurer means it is an unknown quantity.

10 questions to ask your broker

Your business depends on PI insurance. But how much do you know about your broker, or the insurers it recommends to you? These questions will help you to find out more about them so you can be sure they're right for you.

1. Do you have direct access to insurers?
.....
2. If so, which ones?
.....
3. How long has your firm been active in this market?
.....
4. How big is your team and what experience do they have?
.....
5. Do you have an in-house claims team?
.....
6. What is your share of this market?
.....
7. How will you determine which is the best insurer for me?
.....
8. How financially strong are they?
.....
9. Are any of them 'managing general agents'?
If so which insurer backs it?
.....
10. What was the insurer's original quote?
How much commission is being charged?

How to make a good impression

First impressions really do count when it comes to PI insurance. Your proposal form is the first contact an underwriter might have with your law firm so you want to make a positive impact.

Why does it matter? Most policies usually begin on 1 October, which means that most of the country's law firms will be looking for insurance at the same time. You will be competing for insurer's attention, and capital, so it's essential you do everything you can to ensure your proposal stands out.

Writing a strong proposal form is well worth the effort, as it could save you money, if it persuades insurers that yours is a well-run business that deserves to have a cheaper premium.



And taking the time now to create systems to collate the essential data and a good template for presenting that will save you time in the future, as you can simply update last year's proposal form when renewal time comes around again.

PI insurance is more than an insurance policy – it's an investment in your company's future, so you need to think of your proposal form as being like an investment pitch, which describes your business today and your vision for its future. An underwriter is potentially risking millions of pounds by insuring your law firm, so you need to prove why you're a risk worth taking.

You can use our 48 hour PI insurance quick quote for a premium indication in as little as 48 hours, just visit:

www.miller-insurance.com/solicitors_quote





Do

- **Ensure your proposal is clear and well presented.** Underwriters will have hundreds of proposals to read and will quickly form an opinion of a firm from its submission. If it looks sloppy and disorganised, then that is the image you will convey of your firm.
- **Answer every question.** Each question is there to help the underwriter to build up enough of a picture of your business to decide whether to insure it, so leaving some questions unanswered wastes time and risks creating the impression that you are being evasive.
- **Avoid one-word answers.** It's hard to sell your firm by simply writing 'yes' or 'no' responses in your proposal form. Worse, you could inadvertently convey a message that is the opposite to the one you wanted to get across by not explaining the circumstances. For example, answering 'yes' to the question 'Have you ever been removed from a lender's panel?' demands an explanation of why.
- **Provide up-to-date claims summaries.** Chasing you for important documents wastes valuable time and could make underwriters doubt your risk management practices.
- **Consult your broker.** Their experience of what underwriters like – and dislike – should offer invaluable advice on how to ensure your proposal is the best it can be.

Don't

- **Be economical with the truth.** If you misrepresent the facts, then no insurer will cover your business – and you'll quickly find that you no longer have a business.
- **Avoid talking about a problem.** You need to be frank about any issues your firm might have had in the past. Even if a client is threatening to sue you, but hasn't yet, you should still disclose that fact to prospective insurers. It won't necessarily prevent you from getting insurance.
- **Blame someone else.** If you have had a claim then you should explain clearly and concisely what happened, why it happened, who was responsible and what you are doing to prevent it from happening again. Blaming it on a former employee isn't enough. Insurers understand that mistakes happen; but they need to feel confident that the same errors won't keep being made.
- **Leave anything to chance.** Your PI insurance is too important for you to simply keep your fingers crossed and hope for the best. A good idea is to send a covering letter with your proposal form highlighting your firm's strengths to help persuade an underwriter to insure your firm.

We're here to help you

If you have any questions relating to your proposal form then you can call us on 020 7031 2800 or email us at solicitors@miller-insurance.com

What to do when renewing your insurance

Give yourself plenty of time before your existing policy expires to find the right cover at the best terms. If you need to have new cover in place by 1 October, then it's a good idea to begin approaching insurers for quotes in early August.

If you've suffered a claim, or your firm is involved in what are perceived to be high-risk areas, such as conveyancing or personal injury, then you need to start the process in plenty of time before your renewal date.

Collecting the information an insurer requires (such as an up-to-date claims summary from your current insurer) can be difficult and take some time, so you should start to prepare early.

You'll already know a lot of what insurers want to know from previous proposal forms, so it can be a good idea to create a system that captures all of this information and can be updated throughout the year.

Early renewal offers

Your insurer might offer to renew your policy early, rolling your cover over for another year on the same terms without the need to fill in a full proposal form. Accepting the offer will mean you are guaranteed to have cover for next year, and you will know early what the price and terms will be.

But if your law firm has accepted a number of early renewal offers it can be difficult to know if you're still getting a good deal.



Your policy's price and terms will not have been updated for a number of years and may not reflect the current market conditions. You might be able to find a better offer in the open market. Your broker should be able to advise you on whether your early renewal offer remains competitive.

Contact us if you would like to know more about early renewal offers or longer insurance policies.

Longer deals

Some insurers offer policies lasting 18 months, or even two years. These can provide your law firm with stability, certainty and continuity in its insurance coverage, but there are reasons why you might want to opt for a 12-month deal. For example, if you are paying more for your cover because you have suffered a claim then you might hope to reduce your premium by choosing a shorter policy.

Also, if your fee income is growing quickly then you might want to avoid a large jump in your premium by choosing a shorter deal.

How to make a claim

You should tell your insurer straight away if a claim is made against your firm, or if you think a dispute might develop into a claim.

When you make a claim (or when a circumstance arises that might result in a claim), it is important to notify your current insurer quickly, because even if the incident that gave rise to the claim occurred when your firm was insured by another company, it is your current insurer who will pay. So, the issue of **when** you notify is crucial. Your insurer could dispute payment if a claim made against you in November actually began with what you thought was an innocuous complaint back in July, before its policy with you began.

It's relatively straightforward to know when a claim is made against you, but it can be much harder to know if a situation could develop into a claim. These situations, known in insurance language as 'a circumstance', could be:

- A complaint or criticism of your firm's work or performance
- A threat of making a claim
- A worry that your firm has made a mistake, which could result in a financial loss for someone else.

Ask your broker if you're unsure whether to notify your insurer about a particular situation.



They will also be able to tell you the likely information requirements of the insurers if you do submit a notification.

In the event of a claim being taken forward, a good broker will use its market knowledge and claims expertise to help your firm minimise any reputational risk, as well as advising on steps to be taken to prevent similar issues arising in the future.

Do

- **Tell your insurer – regardless of your opinion of a claim.**

It doesn't matter whether you think the claim or complaint is likely to come to nothing. What's important is that there is a claim, or potential claim, not whether you may ultimately be liable. Every claim will need to be defended, regardless of whether it has any merit, which is why your insurer needs to be involved as early as possible.

- **Cooperate fully with your insurer.** Preparing a strong defence is a joint effort with your insurer, so you need to provide any information it requests, even if you think the allegations are false. If you're difficult then your insurer might remember your behaviour at renewal time. Once a client makes a formal claim then that constitutes an implied waiver of your obligations of client confidentiality and legal professional privilege, which means you can share all information with your insurer.

Don't

- **Hesitate.** You might worry that telling your insurer about a potential claim will push up your premium or make it more difficult for you to get cover next year. But if it doesn't turn into a claim then it won't affect your claims record. Even if it did become a claim then it's unlikely to prevent you from getting insurance again. Also, by telling your insurer quickly it will demonstrate that your firm takes its risk management and policy obligations seriously.
- **Don't try to deal with the situation yourself.** You shouldn't try to handle a claim yourself, even if the sum involved falls within your policy excess. Don't contact the claimant directly, or admit liability, without your insurer's explicit agreement, or it might refuse to pay your claim.

What if I can't find insurance?

You might find that your law firm is struggling to get insurance for next year. If so, don't panic: your existing policy contains valuable breathing space for you to find a new one.

You have 30 days after your policy expires, known as the Extended Indemnity Period (EIP), in which to find cover. If you haven't found a new insurer after that time, then you have another 60 days, called the Cessation Period (CP), in which to continue the search – although you won't be able to take on any new work during that time until you have a new policy.

If your insurer has informed you that it won't renew your policy because it is cutting back on the number of solicitors it insures or is withdrawing from the market altogether then you should be able to find another insurer relatively easily. Speak to a broker about your options.

A good broker should be able to advise you on which the best insurers are to approach, based on the size of your firm and the kind of work it does.



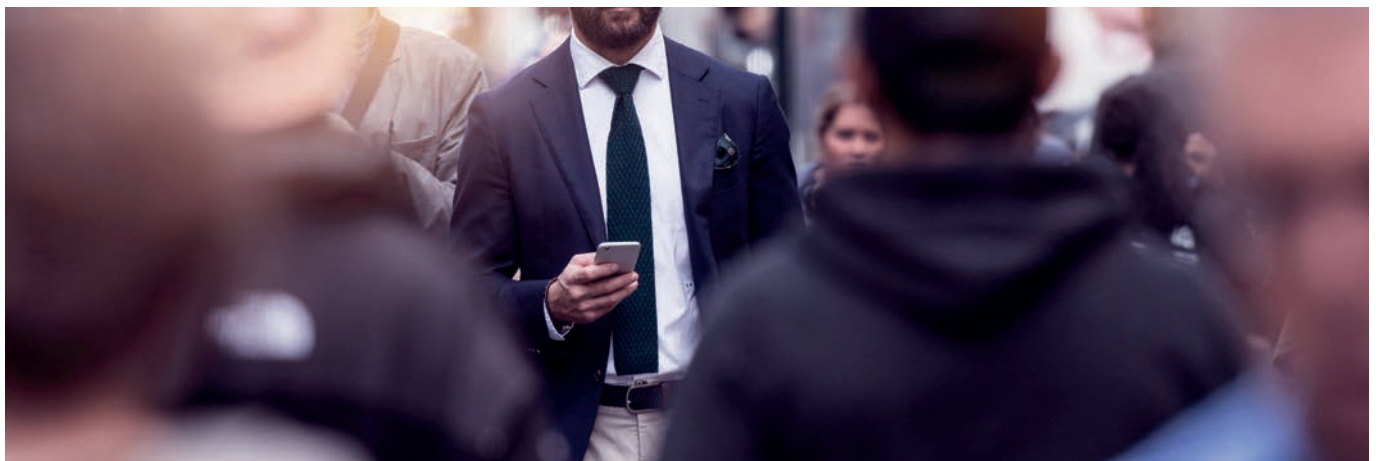
It might be that your premium will go up, perhaps substantially. But it could be that your previous insurer was charging too little – which could be why it isn't renewing your policy. Price will always be a key consideration when deciding which insurer to go with, but so too should the question of whether an insurer will be around next year. The best deal for you isn't necessarily the cheapest deal.

Do

- **Narrow your search.** If you're struggling to find insurance because you've suffered some recent claims then you might be tempted to cast your net wide in the search for a new insurer, but that isn't necessarily the best strategy, particularly if your business needs some explaining to underwriters.
- **Prepare well.** Use the extra time provided by the EIP and CP to put together a strong presentation that will help your broker to persuade an underwriter to insure you. One of the main reasons law firms struggle to get cover is because their proposal forms are poor. But your firm's survival might depend on it, so it's essential that you get it right. See Page 7 of this guide for advice on how to write an impressive proposal.

Don't

- **Use lots of brokers.** It won't necessarily improve your chances of success. There are only so many insurers in this market, so the brokers will simply forward your proposal to the same underwriters. It is much harder to try to change an underwriter's mind after he or she's read the same proposal several times and declined it, than it is to meet them to talk them through your business. It would be a better idea for you to work with one broker, which has plenty of experience and direct access to a range of insurers, to draw up a plan to target a couple of insurers.



Contact us today

3 easy ways to get in touch



Speak to one of our PI specialists by calling our dedicated solicitors helpline on 020 7031 2800



Send us an email at solicitors@miller-insurance.com



Visit www.miller-insurance.com/solicitors where you can download a new proposal form or upload a proposal form from an existing provider

Why choose Miller for your PI insurance?

Providing PI insurance to over 1,200 law firms, our comprehensive service includes:



Dedicated team of solicitors' PI insurance specialists



In-house claims team who work hard on your behalf in the event of a claim



Access to a broad range of A-rated insurers and exclusive insurance facilities



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Cover tailored for firms of all sizes, from sole practitioners through to larger law firms



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