



**SOLICITORS' PROFESSIONAL
INDEMNITY INSURANCE
MARKET REPORT**

2016



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Foreword

For many Solicitor Practices, Professional Indemnity Insurance is one of single largest items of annual expenditure.

It underpins clients' trust in the professionalism of the service that you provide.

At Lockton, we have a similar professional obligation, that is, to provide our clients with more than just an insurance policy.

While providing insurance cover from reputable rated insurers, a robust claims service should the need arise, remains the bedrock of what we do, we recognise that our clients need and want a greater level of ongoing service and support throughout the year.

Each of our clients has access to a wealth of additional guidance and information on our dedicated solicitor's web-portal and this Mid-term Report is another part of our commitment to each and every one of our clients.

In this year's report, we have given you a sense of the renewal market that you are likely to face this year. We have highlighted the ongoing claims trends and emerging risks for the profession, and provided valuable practical guidance on how best to manage those risks.

We also touch upon the work required to help us help you to obtain the best renewal terms for the coming year.

Once you have read the report, I hope you will discuss any issues arising with myself or your Lockton Representative.

Thank you for taking the time to read our Mid-Term Report.

Brian Boehmer
Partner

Looking ahead: 2016/2017

Consolidation & Stability

We expect 2016 to be a year of consolidation for insurers in the Solicitors market, resulting in stable premiums for the majority of firms.

Regulatory Changes

The SRA are continuing to push for changes to the PII requirements for Solicitors, despite ongoing concern from the profession, insurers, the Law Society and the Legal Services Board, regarding their potential impact.

The SRA rationale for reform is complex and well-founded, albeit we do not see it delivering the intended results. One motivator is the increasing opening of the legal services market to non-SRA regulated firms.

We anticipate an increase in the number of small firms/new starts choosing to be regulated by entities such as the Bar Standards Board, which offer a 'faster authorisation process, and ...lower fees'¹ and a perception of lighter touch regulation. As accountancy firms win the right to undertake a full range of legal services, we envisage a blurring of the boundaries between these professions.

Emerging Risks

Aside from occasional (often recession-related) spikes, the claims pattern tends to be fairly similar, year on year. Many firms will have had a cyber insurance 'hard sell' in the last year from an insurer or broker. While there is no doubt that cyber crime is increasingly on law firms' radar, there is a bigger story to tell – and it is important that you have a proper understanding of the risks before buying additional policies.

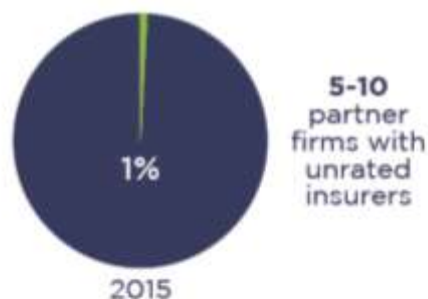
Read our analysis of *Emerging risks - Information Security & Fraud*, later in this report.

Decline of unrated markets

Another unrated insurer, Elite, has exited the Solicitors Professional Indemnity Insurance (PII) market, just as the FCA awarded significant fines to brokers involved in placing firms with ERIC and Balva – both unrated insurers that crashed and burned in recent years, putting over 1,300 firms at risk. With competitive premiums from new A-rated carriers Pelican and Qatari Insurance Company (QIC), the 2016 renewal will see a return to A-rated markets for all but a small minority of firms.

¹ <http://www.lawgazette.co.uk/practice/solicitor-firm-shuns-sra-for-bar-regulator/5051132.fullarticle>

Looking back: 2015



Claims Overview

The volume of claims against solicitors continues to fall from the 2011 peak, but it remains comparatively high nonetheless. There is a sense amongst certain insurers that many of the underlying behaviours that caused the post-recession claims spike have not been adequately addressed. We have seen a consistent pattern in terms of work types producing most claims.

City law firm RPC reported that while the number of claims issued against solicitors in the high court fell from 418 in 2014 to 221, a number of cases may be subject to standstill agreements, meaning solicitors and their insurers may yet have to suffer more pain as a result of pre-recessionary activity.

Solicitors Claims & Claims Trends

Claims have hit firms of all sizes, although it tends to be smaller firms that see the largest number of claims, proportionately.

Where do claims arise?



Looking at claims by value, Residential and Commercial Property top the chart. Commercial/Corporate work tends to produce few, but very high value claims.

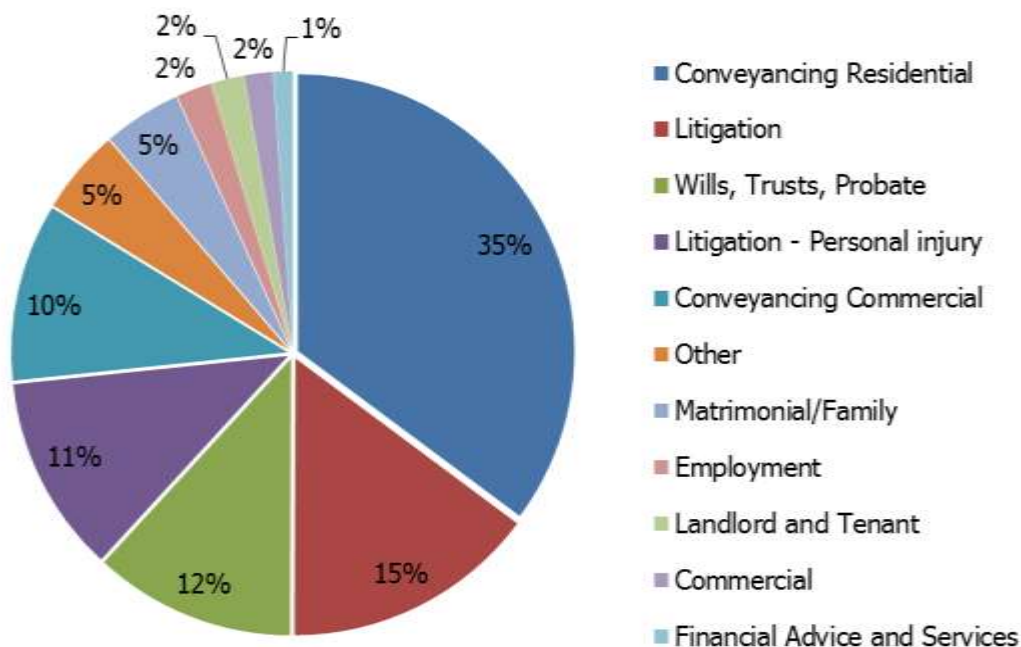
£59k

Average cost of a residential property claim

£59,000 is the average cost of claims arising from Residential Property work across Lockton's Solicitor book of business. The cost of Commercial property claims is much higher at £117,000. The average litigation claim is £47,000. Each claim will also cost the firm the level of any excess payable, potential increase in premium, and lost time spent in responding to/defending the claim, and in potential lost business.

Claims by area of Practice

The following pie-chart provides a claims breakdown (by number of claims) by area of practice, over a 5 year period from 2010. Residential Property continues to produce a disproportionate number (and value) of claims.



Emerging Risks: Information Security and Fraud

Criminal attacks on business have increased significantly in the last five years, and law firms have been particularly targeted in certain categories of crime. Because law firms hold sensitive personal and confidential information and routinely handle substantial sums of money, this makes you attractive to a cyber criminal looking for an easy target.

Careless errors most common...

Firms should nonetheless remember that careless errors still account for the majority of information security breaches – and while these extend well beyond IT breaches, the ever-increasing use of smart-phones, tablets and laptops in day to day practice can leave firms much more exposed to both innocent and malicious data losses.

...but costly targeted attacks on the increase

Targeted attacks using fake emails, sometimes with documents attached, or websites (phishing) increased exponentially. Phishing attacks using malicious attachments in emails, alone increased 1,500% in 2015.

These claims are caused by...



PEOPLE



Careless errors



Communication failures



Lack of supervision



Pressure on fees

96%



Of data leaks are inadvertent

People remain the single largest cause of claims. This includes so-called cyber-crimes and information security breaches. While having the right systems and online protections in place is essential, that is not where cyber security starts or finishes: educating your staff to be aware of the most common causes of data leaks, and building work systems that encourage best practice are your best defence to all cyber-related claims.

There was also a rise in the number of firms tricked over the phone (vishing, or voice phishing) into disclosing the six-digit PINs needed to authorise online BACS payments.

Fraudsters move fast. The money is often transferred overseas and the sums can be quickly dispersed again undetected to accounts in other countries. International time zone differences favour the fraudsters because although UK banks' fraud teams are available around the clock, different opening hours and time zones conspire to hamper their working with overseas banks. This could mean lost monies are never recovered.

One insurer had to pay out £16 million last year for this type of account fraud. We anticipate that rising claims will ultimately lead to rising premiums, unless firms act now to mitigate their risks.

Do I need Cyber Insurance?

Your PII policy provides truly comprehensive cover for claims made against the firm arising from errors and omissions in the course of legal work undertaken.

Clearly, to the extent that a client suffers a loss arising from an online fraud or information security breach, your PII will provide cover. However, that is not where the story ends. The real costs to a business of such an incident are usually much more extensive, and there are significant risk exposures that are not covered under the standard 'MTC' professional indemnity policy wording.

Cyber insurance policies include cover for first- and third-party losses. They give you access to experts in data breach management – for example, to help you get back

Managing your risks

Sophisticated antivirus software and firewalls are only part of the story when it comes to protecting yourself against financial fraud or information security breaches.

Follow our risk mitigation strategies set out at the end of this report, and take advantage of the regular risk alerts and guidance available on our website

www.locktonsolicitors.co.uk.

up and running, to limit your reputational damage and to mitigate your exposure to regulatory risks.

These policies also cover you for the costs to restore or recreate data or software, for loss of net profit and for expenses you may incur to minimise the loss of net profit.

Coverage comparison

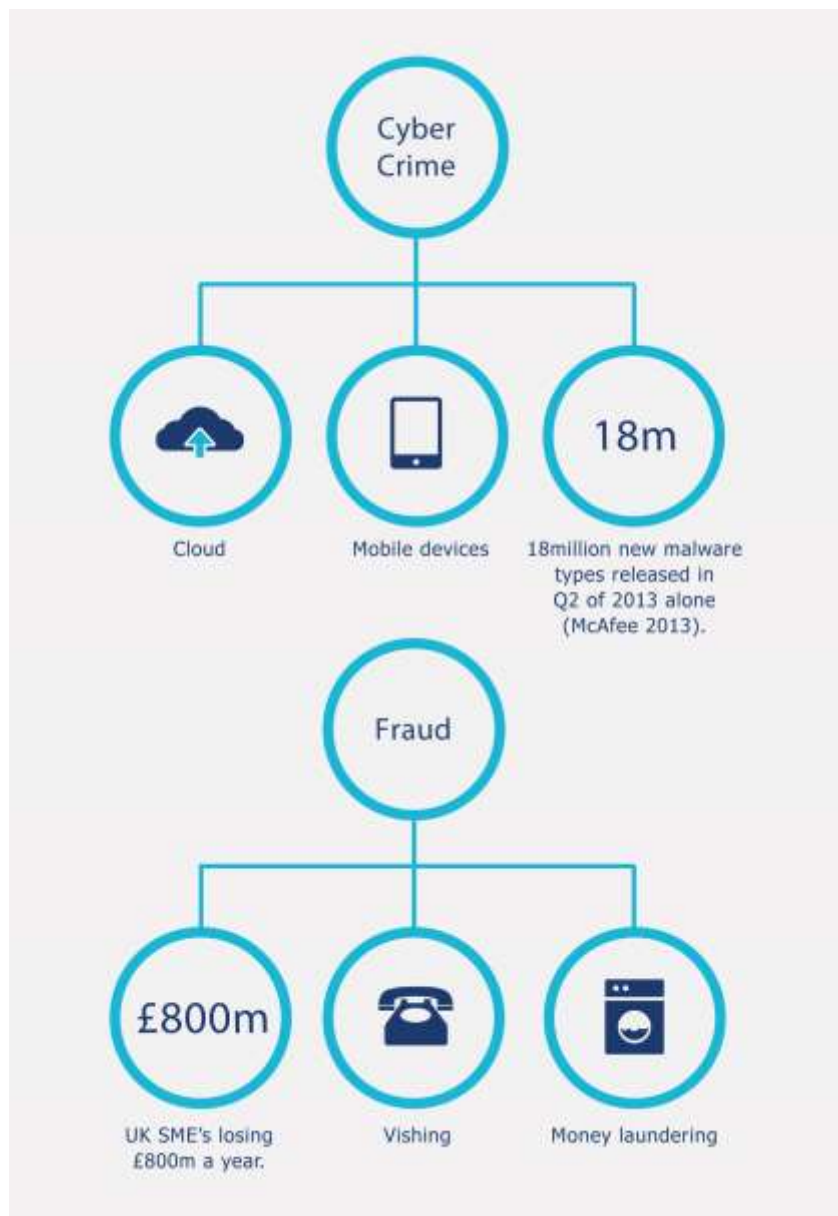
Breach response cover	Professional indemnity insurance	Cyber insurance	Crime
First party data security & privacy			
Breach response costs including:	×	✓	×
- Specialist legal expenses	×	✓	×
- Forensic expenses	×	✓	×
- Notification costs	×	✓	×
- Public relations expenses	×	✓	×
- Credit & ID monitoring costs	×	✓	×
Data restoration costs	×	✓	×
Network business interruption	×	✓	×
Cyber extortion	×	✓	✓
Cyber deception loss reimbursement	×	Limited coverage	✓
Third party data security & privacy liability			
Liability to 3rd parties arising from security & privacy breaches	Covered, where arising out of private legal practices.	✓	×
Liability to employees and partners arising from security & privacy breaches	×	✓	×
Regulatory defence, civil awards, fines & penalties	No cover for regulatory defence costs. Cover included for civil awards imposed by regulatory bodies.	Covered, to the extent insurable by law.	×

- Computer forensic experts to investigate both the cause and extent of the breach
- Crisis management teams – PR managers and call centres –to deal with the reputational impact
- Credit protection and monitoring services for affected clients.

Not every cyber policy is the same, of course, and, as some PII policies offer an element of cyber cover as a 'bolt-on', it is important to review your existing insurance arrangements and risk exposures before purchasing additional insurance covers.

Data breach response services on offer include:

- access to legal experts to determine your obligations under local or international laws and regulations



Claims Prevention

Effective Risk Management makes good business sense. It should deliver tangible business benefits in time, money and client satisfaction - and help maintain lower PII premiums.

Take a look at your areas of work alongside your claims and complaints records, and use the following tables as a guide to identifying risk improvements that you can practically implement, alongside regular risk awareness training for fee earners. Don't forget too that, with solicitor Claims Advocates and Risk Managers in our team, we can help you with your Risk Management and Training needs.

Residential Conveyancing Claims Prevention

Claim type	Common causes	How to prevent these
Lender CML handbook claim	<ul style="list-style-type: none"> • Lack of supervision • Failure to get written consent to proceed from lender • Failure to make/note relevant enquiries of client • Failure to flag changes to the deal 	<ul style="list-style-type: none"> • Use a CML reporting checklist that fee earners must sign for each file • Use practice management • Audit a percentage of files before closure • Provide/attend regular update training on CML issues
Registration of deeds	<ul style="list-style-type: none"> • Failure to submit deeds for registration in a timely manner • Where deeds are 'bounced' by the land registry, failure to address outstanding issues and resubmit • Failure to submit security deeds to the Registrar of Companies separately 	<ul style="list-style-type: none"> • Check account balances weekly for unexpected credit balances on completed matters • Audit checks on closed residential conveyancing files • Workflow timelines and diary reminders copied to matter supervisors • Pre-file-close supervision checks
Fraud	<ul style="list-style-type: none"> • Identity fraud by client • Mortgage fraud • Fake law firms 	<ul style="list-style-type: none"> • Transaction vetting undertaken throughout the transaction life cycle • Transaction-specific vetting process (e.g., an existing client who has previously instructed the firm re drafting of a will is likely to require more detailed vetting for a conveyancing instruction) • Use electronic AML checks

Conveyancing Commercial Claims Prevention

Claim type	Common causes	How to prevent these
Registration of deeds	<ul style="list-style-type: none"> • Failure to submit deeds for registration in a timely manner • Failure to address outstanding issues with deeds and resubmit • Failure to submit security deeds to the Registrar of Companies separately 	<ul style="list-style-type: none"> • Check account balances weekly for unexpected credit balances on completed matters • Audit checks on closed commercial conveyancing files • Workflow timelines and diary reminders copied to matter supervisors • Pre-file-close supervision checks
Drafting errors and omissions	<ul style="list-style-type: none"> • Incorrect/out-of-date/inappropriate precedent documents • Failure to document negotiated position correctly • Failure to anticipate/identify risk issues • Incorrect conversion of formulae (e.g., payment mechanisms, rent reviews) into legal drafting • Incorrect party/property details/dates 	<ul style="list-style-type: none"> • Regular review of precedents • Use annotated precedents to reduce likelihood of inappropriate use • Staff training • Transaction notes • Supervision • Email confirmation of agreed drafting changes with client • Consider retention of file beyond normal destruction date for high-value matters
Break notices	<ul style="list-style-type: none"> • Wrong break date • Service of notice too late • Inaccuracies in the notice • Incorrect service of notice 	<ul style="list-style-type: none"> • Vet the transaction carefully before accepting it • Include a provision both in your terms of engagement and in your precedent report on lease stating that you're not responsible for reminders to the client regarding dates that fall after a matter ends • Use a checklist (signed and dated by the fee earner for each transaction) to make sure the notice is complete and correct • If in doubt, serve the notice earlier and in more ways than required. Get confirmation of receipt

Litigation Claims Prevention

Claim type	Common causes	How to prevent these
Time bar and missed critical dates	<ul style="list-style-type: none"> • Failure to identify unusual time bar periods • Failure to establish the correct date from which the prescriptive period runs (e.g., in an unfair dismissal case) • Poor diary systems • Lack of supervision • Failure to diarise – and act on – court procedural dates properly • Handovers • Poor communication from client 	<ul style="list-style-type: none"> • Default to shortest limitation period • Workflow systems • Diary systems with reminders and back-up • Review of identification and diarising of critical dates in high-value cases • Supervision • Client vetting • Explain to client in advance the relevance and importance of accurate and timely responses
Under settlement	<ul style="list-style-type: none"> • Post-settlement remorse • Failure to document advice to clients • Failure to identify quantum accurately • Failure to explain issues to client effectively 	<ul style="list-style-type: none"> • Where a client settles against your advice, get their signed acknowledgement to that effect. Keep on file • Keep clear records of advice to client on file, plus any information that has an effect on advice (e.g., client made redundant and needing quick settlement), along with evidence of quantum calculations

Wills, Trusts and Probate Claims Prevention

Claim type	Common causes	How to prevent these
Estate administration errors and delays	<ul style="list-style-type: none"> • Failure to manage client expectations • Failure to identify legal rights claims • Incorrect distribution of funds • Failure to identify vesting dates correctly in trusts • Workflow management 	<ul style="list-style-type: none"> • Provide meaningful time estimates in engagement letter • Provide plain English guidance notes to clients when first instructed • Set up regular update calls with clients • Regular refresher training on the main issues • File audits and regular supervisor file reviews/peer review
Will drafting	<ul style="list-style-type: none"> • Wrong beneficiaries • Version control (wrong version of the will) • Failure to follow client instructions • Failure to ask client right questions • Capacity of client • Tax liabilities 	<ul style="list-style-type: none"> • Use Charity Commission Register to identify charity beneficiaries • Get client to double-check details of all other beneficiaries • Get testamentary intentions confirmed in writing • Make sure that scope is clear regarding what tax implication issues you are advising on • Use a checklist of questions for clients • Check the capacity of client if any doubt

Corporate and Commercial Claims Prevention

Claim type	Common causes	How to prevent these
Drafting errors and omissions	<ul style="list-style-type: none"> • Last-minute commercial negotiations • Failure to pass down risk in subsidiary contracts • Lack of clarity/overlap in role of different advisors • Changes from Heads of Terms • 'Execution only' basis of instruction • Multiple versions circulating/wrong version executed • Risks not identified and advised on 	<ul style="list-style-type: none"> • Get client sign-off for all drafting changes • Keep [electronic] copies of interim drafts/annotations • Use trainee to take notes in meetings • Scope clearly where multiple advisers are involved and/or where scope excludes main areas of advice • Use of issue tracker to make sure the main items are addressed in drafting • Effective version control in document management system
Due diligence failures	<ul style="list-style-type: none"> • Poor handover • Lack of supervision • Pressure on fees • Client pressure to 'get the deal done' 	<ul style="list-style-type: none"> • Regular file review meetings with supervising partner • Effective use of issue trackers
Costs dispute & delay	<ul style="list-style-type: none"> • Scope creep not identified and flagged to client (updated letter of engagement, separate matter, updated fee estimate not sent) • Client not managed properly • New issues arising • Unrealistic scope initially • Under-bid with many exclusions to win tender 	<ul style="list-style-type: none"> • Interim billing/information bills • System flags when 70% of fee estimate is reached • Establish clear pattern for update meetings – and stick to them • Report progress and lack of progress equally
Conflict of interest	<ul style="list-style-type: none"> • Failure of/challenge to information barrier • Complex group structures in client companies not identified • Lack of effective communication between offices within firm • Merger activity/lateral hires undertaken without adequate update of conflict database/systems 	<ul style="list-style-type: none"> • Make sure conflict registers are complete and regularly updated

Information Security and Fraud Claims Prevention

These are significant emerging risks that affect **all** practice areas. Implementing our preventative action points will also help you satisfy Insurer requirements in this year's PII proposal form.

Risk	Common causes	How to prevent these
Information security breach	<ul style="list-style-type: none"> ▪ Human error (emailing wrong person, losing documents, conversations in public) ▪ Phishing email ▪ Third-party theft from office ▪ Interception of data ▪ Malicious theft by staff 	<ul style="list-style-type: none"> ▪ Regular refresher training (including our Information Security webinar) for all staff ▪ Awareness campaigns (download our posters) ▪ Simulated phishing attack (look out for our phishing test kit later in the year) ▪ Clear desk policy ▪ Use encrypted remote desktop systems to access work out of the office ▪ Use IT monitoring to identify unexpected data downloads ▪ Restrict access to data to relevant departments and individuals ▪ Don't use generic email systems, such as Hotmail and gmail, or download documents onto drop-box
Fraud	<ul style="list-style-type: none"> ▪ Theft of client funds ▪ Theft of firm's own funds ▪ Fake law firms ▪ Client identity fraud ▪ Money Laundering ▪ Invoice hijacking 	<ul style="list-style-type: none"> ▪ Educate staff, particularly accounts staff, regarding telephone bank account fraud (see our guidance on 'Vishing') ▪ Ensure that transfers/payments of large sums of money require sign-off from two people ▪ Run reports to check for double invoicing of items/ duplicate payee records (with alternative account details) ▪ Check bank account details of firms to whom you are transferring funds at the start of a transaction (read our guidance on identifying fake law firms) ▪ Use robust client and transaction vetting systems, and do not use support staff to complete these checks. (If you do not already have a robust system in place, download our template checklist. NB – you will require to log in.) ▪ Undertake additional identity checks on high-risk clients (particularly in residential property transactions, where you have not met the client, the client is based overseas or the property in question is not close to your office location) ▪ Highlight to clients that they should not pay any invoice without first confirming that the payment details accord with those provided in your letter of engagement. ▪ Circulate our guidance on Invoice Hijacking

Your 2016 PII Renewal

The Insurance Market

Several insurers lost part of their portfolios in 2015 as a result of uncompetitive premiums and increased competition. So, it's likely you'll see a more considered approach to pricing in the year ahead by the majority of Participating Insurers.

Many insurers are offering extended periods to move away from a 1st October renewal date. There are pros and cons to this, and you should discuss the options with your Account Executive before deciding to move.

Size

Different Insurers have different risk appetites. Some are actively courting sole practitioner practices, others will not look at firms with fewer than 10 partners.

Work types

Insurers have some minor differences in the rates they apply to certain work types. More significantly, a number of insurers will only consider firms with less than a certain percentage of conveyancing or personal injury work, because of the perceived risk profile. Firms with a higher percentage of high risk work will have to work harder to differentiate themselves and demonstrate why they are a better risk than they might otherwise appear.

Claims

If you have had high value claims in the last 10 years, take the time to explain the circumstances of the claim and what you have done to reduce the risk of a repeat. Can you demonstrate that this wasn't the 'tip of an iceberg'?

Underwriters focus on risk

Underwriters have made it clear to us that the way that firms complete their proposal form really does make a difference. Firms that take a cursory, minimal-effort approach to answering the Risk Management section of our Proposal Form, *particularly* if they are regarded as a 'high risk' practice by virtue of their size, work-types and/or their claims experience, are much more likely to be offered a higher 'technical' price based on the pricing produced by their rating engine.

Help us help you to obtain the best possible premium by taking the time to complete your proposal form with due care and attention.

New fraud questions

Expect some new questions in the proposal form concerning how you protect your clients (and your own) money and data.

Insurers will want to gauge how robust your systems and procedures are, how you vet any third party suppliers, whether you use a third party to 'penetration test' your systems for vulnerability and whether you provide your staff with regular awareness training.

We already provide you with a practical tools that can help you provide robust responses to these questions.

We can help you prepare

If you have any concerns regarding how well your firm is protected against fraud and cyber risks, or are unsure what you need to do to present a strong Risk Management submission, we can help.

It is important that you start putting the necessary measures in place now, rather than wait until you

need to submit your proposal form. **Get in touch** help.
with us now for more information on how we can

Our Service Offering To You

More and more of you are discovering the range of services we provide – both in person and online. In an increasingly online world, you often want to be able to access information and advice 'on-demand' as and when you need it. This is why our online services are popular with clients – and we are continuing to invest year on year to bring you more added value.

Online enhancements

In 2016, expect to see:

Refreshed website - making it easier to find the content you need

Our website will feature a new easily searchable Knowledge Centre where you can source our ever increasing range of guidance, templates, and CPD. As a content partner with Lexis Nexis, we can give you access to a number of template policy documents, by way of example.

Recent guidance topics include: Conflicts of Interest; File Audits; Limiting Liability.

A single access point for insurance documents and online Proposal form

Following detailed feedback from a number of client surveys, we are launching an all-new client logged-in area, which will make it even easier for you to manage your insurances.

Enhanced Online Proposal form

Last year we launched our online proposal form. It has been constantly evolving in the intervening months, and now boasts a range of improved features making it easier to use. Firms who completed it last year will immediately appreciate the fact that so much of their proposal form has been prepopulated this year.

The screenshot displays the Lockton online proposal form interface. At the top, the Lockton logo is visible on the left, and user information (Calum MacLean 017 905 5036) and navigation links (PRINT, HELP, BACK, LOG OUT) are on the right. Below the header, there is a navigation menu with tabs labeled SUMMARY, A, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13. The main content area is titled 'SELECT YOUR INSURANCE REQUIREMENTS' and includes a 'SAVE PROGRESS' button with a warning icon. A table lists the sections of the proposal form, each with a progress indicator and an 'EDIT' button:

Section	Description	Progress	Action
QA	Select your Insurance Requirements	100% (Green)	EDIT
Q1	The Practice	100% (Green)	EDIT
Q2	Changes to the Practice	0% (Orange)	EDIT
Q3	Staff Details	0% (Orange)	EDIT
Q4	Practising Certificate/Regulatory Issues	0% (Orange)	EDIT
Q5	Financial Information and Fees	0% (Orange)	EDIT
Q6	Division of Work	0% (Red)	EDIT
Q7	Conveyancing	N/A	N/A
Q8	Personal Injury Questionnaire	0% (Orange)	EDIT
Q9	Litigation Questionnaire	0% (Grey)	EDIT

To the right of the table is a donut chart titled 'Progress of Application'. The chart shows four segments: a large green segment (approximately 60%), a large orange segment (approximately 30%), a small red segment (approximately 5%), and a small grey segment (approximately 5%).

Enhancements include

- Improved printing
- Additional help functions
- Forward a question feature
- More intuitive form saving
- Improved navigation
- Additional uploads for supporting documents

Events

If you didn't catch our recent webinars on Conflicts of Interest and AML, you can view these online by visiting our website: www.locktonsolicitors.co.uk

Events

[View Archive](#) all regions

WEDNESDAY 24 FEBRUARY 2016

INFORMATION SECURITY & CYBER RISKS WEBINAR

- Location: Lockton Companies LLP, London
- Date: Wednesday 24 February 2016
- Time: Available to view any time
- 1.0 points accredited CPD.

Information Security & fraud-related risks have become high profile concerns for many law firms. This recorded webinar takes a pragmatic look at the real risks you face in daily legal practice, and identifies a range of solutions to mitigate the risks.

[FIND OUT MORE](#) [BOOK NOW](#)

ONLINE EVENTS

AML - A PRACTICAL GUIDE TO ENSURING COMPLIANCE

Date: Thu 03 March 2016
Time: 13:00
1.0 units accredited CPD

EVENT PLANNER

FEBRUARY 2016

mon	tue	wed	thu	fri	sat	sun
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29						

Keep checking our events page (www.locktonsolicitors.co.uk/events) for the latest events in your region.

Risk Solutions For Your Business

You have specific risk exposures that require tailored solutions. Through our knowledge and experience of working with the legal profession we have designed a range of services to suit your business needs. We would welcome the opportunity to discuss your requirements and help you make an informed decision regarding the benefits to your business of any of the following insurances:



Protect your family as well as your practice

If a claim were to exceed your PII cover and threaten your firm's solvency, as a partner, you could become liable, even in an LLP. To cover you when facing insolvency, we've designed two asset protection policies: one that can secure your home and fund your dependants; another for LLPs that you can call on to top up a settlement offer. If that offer were refused and your firm became insolvent, you could then share the sum among partners.



Prepare for cyber risks outside your PII

Cyber insurance takes care of the costs of your response to a data breach. It gives you access to experts in IT, PR and forensics, covers first- and third-party losses and pays out for extortion costs and more. While your data protection risk management does lower your risk of a data breach, it isn't enough. We can help you work out the type of cyber insurance you need, which depends on the information you hold and the support you'd need after a breach.



Bespoke policies to defend your compliance officers

Clients tell us that their top concerns after PII claims risks are the threat of fines from regulators and the consequences they might face for a breach of regulations. If you were to fall foul of any regulator – whether the SRA or the HSE – our regulatory response insurance would protect you and your firm, including claims brought against your compliance officers for legal practice and for finance and administration, as well as your money laundering reporting officer.



Employee benefits are a great way to protect your business

Employee benefits include packages such as critical illness cover and private medical insurance. But it's not just about caring for your employees when they're ill. It's also about ways to look after them in the workplace, from wellbeing initiatives to employee assistance programmes. So, as well as keeping your workforce healthy, employee benefits help you show your people that you value them, helping you recruit and retain the best.

As an employer, you're liable for your partners' and employees' conduct towards each other



Employment practices liability insurance protects your firm from the defence costs and awards that stem from employment disputes. These can include claims for alleged unfair or constructive dismissal as well as for discrimination, for example. And in case an employee who sues your firm also names individuals in their claim, the policy covers your partners and staff, including the costs of their legal representation at an official employment tribunal.

From health and safety to employment practices



Management liability insurance protects your managers from financial liability for health and safety breaches, regulatory proceedings and investigations, employment practices and civil or criminal actions.

Your offices and their contents are vital to running your firm



Our office insurance, Office Guardian, works much like your home buildings and contents insurance. But it covers much more: business interruption, loss of rent, money and documents owing to theft, alongside public liability and employer's liability. And of course, we'll fine-tune the policy to your needs.

Beyond the needs of your firm



We recognise that you expect the same quality of insurance outside your firm as you do within. Partners' personal insurance is designed to cover everything you might need to protect outside your firm – from your art to jewellery, from your property to travel. Specialist items such as boats can be covered too.

How can we help you?

If you would like to discuss any of the services further, please contact your account executive or visit Lockton's dedicated solicitors' website: www.locktonsolicitors.co.uk

About Lockton

Lockton is the world's largest privately owned global insurance broker.

As such, our focus is our clients and our people rather than external shareholders. We can make long-term decisions that benefit our clients and improve service delivery. Our 5,600 associates help 48,000 clients in 125 countries. They place over \$20 billion of insurance premiums.

For six consecutive years, Business Insurance magazine has recognised Lockton as a 'Best Place to Work in Insurance'.

Our clients value our bespoke solutions, innovative ideas and great service rather than efforts to sell more products. StrategicRISK's 2015 UK Corporate Insurance Buyers Survey (a survey of insurance buyers in FTSE 250 companies) ranked Lockton top of all brokers for 'client responsiveness'.

Our 96% client retention rate speaks for itself.



Over 5,600 associates



90% reinvestment due to our private ownership



Over \$20 billion premiums placed



Clients in over 125 countries.



Over 48,000 clients



68 offices in 18 countries



Exceptional client retention rate (96%)



Over \$1 billion revenues



Over 11% annual organic growth since 2000

Appendix

Primary Premium Income 1999 - 2015

The introduction of variable PII renewal dates means the premiums declared on 1 October no longer capture all market activity. 14% of solicitors now renew at different times of the year. If you have any queries about moving your renewal date, please contact us.

Based on our market intelligence, the total premium renewed at 1 October 2015 is approximately £250,000,000 – a small decrease on the previous year.

Year	Solicitors' Primary PI Premiums	Change on Previous Year
1999 final year of SIF	£256,000,000[1]	N/A
2000	£154,000,000	-39.84%
2001	£163,000,000	5.84%
2002	£225,000,000	38.04%
2003	£226,000,000[2]	0.44%
2004	£242,000,000	7.08%
2005	£243,811,851[3]	0.75%
2006	£211,374,653	-13.30%
2007	£204,607,718	-3.20%
2008	£226,001,774	10.46%
2009	£245,647,271	8.69%
2010	£220,886,756[4]	-10.08%
2011	£248,702,497	12.59%
2012	£239,300,522	-3.78%
2013	£253,521,285	5.94
2014	£255,900,000[5]	1%
2015	£250,000,000[5]Est.	-2.31%

1. Includes Y2K loading and an allowance for laundry listing of claims.
2. Annual premium based on actual 13-month premium of £245,000,000.
3. Compulsory limit of indemnity increased to £2M for partnerships and £3M for LLPs.
4. More likely £260,000,000 due to ARP mitigation strategies (see below).
5. Unofficial declared premium. Premium excludes firms renewing at other times in the year.

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