

BY EMAIL



**LEGAL SERVICES  
BOARD**

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Desmond Hudson  
Chief Executive  
The Law Society  
113 Chancery Lane  
London WC2A 1PL

18 August 2014

Dear Des

**Warning notice issued pursuant to paragraph 21(1)(b) of Part 3 of Schedule 4 to the Legal Services Act 2007**

This warning notice is to inform the Law Society that the Legal Services Board (LSB) is considering whether to refuse in part the Solicitors Regulation Authority's (SRA) application, submitted on 15 July 2014, seeking approval for changes to the Indemnity Insurance Rules. The words used in this notice have the meanings given to them in the Legal Services Act 2007 (the Act).

The LSB is concerned in particular that the proposed reduction in the minimum level of professional indemnity insurance from the current level of £2m (£3m for incorporated firms) to £500,000 could be argued to be prejudicial to the regulatory objective of protecting and promoting the interests of consumers. We have therefore invited the SRA to provide any further information that it has in relation to this point in order that we can conclude the assessment of the application.

The attached letter to the Chief Executive of the SRA sets out in more detail the reasons for this notice.

The effect of the warning notice is to extend the decision period in which the LSB can consider the application. Paragraph 26(3) of Schedule 4 to the Act provides that the Board has a period of 12 months from the date of your receiving this warning notice to continue considering the proposed rule change. The decision period will therefore expire on 17 August 2015.

A copy of this notice has been sent to the SRA.

Yours sincerely



**Chris Kenny**  
Chief Executive



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cc Charles Plant, Chair, Solicitors Regulation Authority  
Enid Rowlands, Chair Designate, Solicitors Regulation Authority  
Paul Philip, Chief Executive, Solicitors Regulation Authority