

## Glossary for SRA Indemnity Insurance Rules (including the MTC) and SRA Compensation Fund Rules

Glossary terms	Definition
<b><i>applicant</i></b>	means for the purposes of the SRA Compensation Fund Rules a <b><i>person</i></b> applying for a grant out of the Compensation Fund.
<b><i>authorised insurer</i></b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) a <b><i>person</i></b> who has permission under Part 4A of <b><i>FSMA</i></b> to effect or carry out contracts of insurance of a relevant class;</li> <li>(b) a <b><i>person</i></b> who carries on an insurance market activity, within the meaning of section 316(3) of <b><i>FSMA</i></b>;</li> <li>(c) an <b><i>EEA</i></b> firm of the kind mentioned in paragraph 5(d) of Schedule 3 to <b><i>FSMA</i></b>, which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to effect or carry out contracts of insurance of a relevant class; or</li> <li>(d) a <b><i>person</i></b> who does not fall within paragraph (i), (ii) or (iii) and who may lawfully effect or carry out contracts of insurance of a relevant class in a member state other than the <b><i>UK</i></b>,</li> </ul> <p>where "relevant class" has the meaning set out in section 87(1B) of the <b><i>SA</i></b> provided that this definition must be read with section 22 of <b><i>FSMA</i></b>, any relevant order under that section, and Schedule 2 to <b><i>FSMA</i></b></p>
<b><i>cessation</i></b>	means where the <b><i>insured firm's practice</i></b> ceases during the <b><i>period of insurance</i></b> or after the <b><i>period of insurance</i></b> in circumstances where the <b><i>insured firm</i></b> has not obtained insurance complying with the <b><i>MTC</i></b> and incepting on and with effect from the day immediately following the expiry of the <b><i>policy period</i></b>
<b><i>cessation period</i></b>	<p>means the period commencing on the expiry of the <b><i>extended policy period</i></b> where, during the <b><i>extended policy period</i></b> the relevant <b><i>authorised body</i></b> has not ceased <b><i>practice</i></b> or obtained a <b><i>policy of qualifying insurance</i></b> incepting with effect on and from the day immediately following expiration of the <b><i>policy period</i></b>, and ending on the date which is the earlier to occur of:</p> <ul style="list-style-type: none"> <li>(a) the date, if any, on which the <b><i>authorised body</i></b> obtains a <b><i>policy of qualifying insurance</i></b> incepting with effect on and from the day immediately following expiration of the <b><i>policy period</i></b>;</li> </ul>

	<p>(b) the date which is 90 days after the commencement of the <i>extended policy period</i>; or</p> <p>(c) the date on which the <i>insured firm's practice</i> ceases</p>
<i>charity</i>	has the meaning given in section 1 of the Charities Act 2011
<i>circumstances</i>	means an incident, occurrence, fact, matter, act or omission which may give rise to a <i>claim</i> in respect of civil liability
<i>claim</i>	means a demand for, or an assertion of a right to, civil compensation or civil damages or an intimation of an intention to seek such compensation or damages. For these purposes, an obligation on an <i>insured firm</i> and/or any <i>insured</i> to remedy a breach of the SRA Accounts Rules, or any rules which replace them in whole or in part, shall be treated as a claim, and the obligation to remedy such breach shall be treated as a civil liability for the purposes of clause 1 of the <i>MTC</i> , whether or not any <i>person</i> makes a demand for, or an assertion of a right to, civil compensation or civil damages or an intimation of an intention to seek such compensation or damages as a result of such breach, except where any such obligation may arise as a result of the insolvency of a bank (as defined in section 87 of the <i>SA</i> ) or a <i>building society</i> which holds client money in a client account of the <i>insured firm</i> or the failure of such bank or <i>building society</i> generally to repay monies on demand
<i>claimant</i>	means: <p>(a) a <i>person</i> making a <i>claim</i> to <i>statutory trust monies</i>; and</p> <p>(b) in the SRA Indemnity Insurance Rules and the <i>MTC</i>, a <i>person</i> or entity which has made or may make a <i>claim</i> including a <i>claim</i> for contribution or indemnity</p>
<i>defaulting practitioner</i>	has the meaning given in rule 5 of the SRA Compensation Fund Rules
<i>defence costs</i>	means legal costs and disbursements and investigative and related expenses reasonably and necessarily incurred with the consent of the <i>insurer</i> in: <p>(a) defending any proceedings relating to a <i>claim</i>; or</p> <p>(b) conducting any proceedings for indemnity, contribution or recovery relating to a <i>claim</i>; or</p> <p>(c) investigating, reducing, avoiding or compromising any actual or potential <i>claim</i>; or</p> <p>(d) acting for any <i>insured</i> in connection with any investigation, inquiry or disciplinary proceeding (save</p>

	<p>in respect of any disciplinary proceeding under the authority of the <b>SRA</b> or the <b>Tribunal</b>),</p> <p>and does not include any internal or overhead expenses of the <b>insured firm</b> or the <b>insurer</b> or the cost of any <b>insured's</b> time</p>
<b>employee</b>	<p>for the purposes of the SRA Indemnity Insurance Rules and the <b>MTC</b>, means any <b>person</b> other than a <b>principal</b>:</p> <p>(a) employed or otherwise engaged in the <b>insured firm's practice</b> (including under a contract for services) including, without limitation, as a solicitor, lawyer, trainee solicitor or trainee lawyer, consultant, associate, locum tenens, agent, appointed <b>person</b>, office or clerical staff member or otherwise;</p> <p>(b) seconded to work in the <b>insured firm's practice</b>; or</p> <p>(c) seconded by the <b>insured firm</b> to work elsewhere,</p> <p>but does not include any <b>person</b> who is engaged by the <b>insured firm</b> under a contract for services in respect of any work where that <b>person</b> is required, whether under the SRA Indemnity Insurance Rules or under the rules of any other professional body, to take out or to be insured under separate professional indemnity insurance in respect of that work</p>
<b>excess</b>	means the first amount of a <b>claim</b> which is not covered by the insurance
<b>existing instructions</b>	means instructions to carry out legal activities as defined in section 12 of the <b>LSA</b> received by an <b>authorised body</b> from a client, which the body has accepted, on terms that have been agreed by the client, prior to the body becoming subject to cover under the <b>cessation period</b>
<b>extended policy period</b>	means the period commencing at the end of the <b>policy period</b> and ending on the date which is the earlier to occur of: <p>(a) the date, if any, on which the firm obtains a <b>policy</b> of <b>qualifying insurance</b> incepting on and with effect from the day immediately following the expiration of the <b>policy period</b>;</p> <p>(b) the date which is 30 days after the end of the <b>policy period</b>; or</p> <p>(c) the date on which the <b>insured firm's practice</b> ceases</p>
<b>Fund</b>	means the fund established and maintained under rule 1.1 of the SRA Compensation Fund Rules
<b>indemnity period</b>	means in the SRA Indemnity Insurance Rules and the <b>MTC</b> , the period of one year starting on 1 September 2000, 2001 or 2002, the period of 13 calendar months starting on 1 September 2003,

	or the period of one year starting on 1 October in any subsequent calendar year
<b><i>insolvency event</i></b>	<p>means in relation to a <b><i>participating insurer</i></b>:</p> <ul style="list-style-type: none"> <li>(a) the appointment of a provisional liquidator, administrator, receiver or an administrative receiver;</li> <li>(b) the approval of a voluntary arrangement under Part I of the Insolvency Act 1986 or the making of any other form of arrangement, composition or compounding with its creditors generally;</li> <li>(c) the passing of a resolution for voluntary winding up where the winding up is or becomes a creditors' voluntary winding up under Part IV of the Insolvency Act 1986;</li> <li>(d) the making of a winding up order by the court;</li> <li>(e) the making of an order by the court reducing the value of one or more of the <b><i>participating insurer's</i></b> contracts under section 377 of <b><i>FSMA</i></b>; or</li> <li>(f) the occurrence of any event analogous to any of the foregoing insolvency events in any jurisdiction outside England and Wales.</li> </ul>
<b><i>insured</i></b>	means each <b><i>person</i></b> and entity named or described as a <b><i>person</i></b> to whom the insurance extends and includes, without limitation, those referred to in clause 1.3 in the <b><i>MTC</i></b>
<b><i>insured firm</i></b>	means the <b><i>authorised body</i></b> which contracted with the <b><i>insurer</i></b> to provide the insurance
<b><i>insured firm's practice</i></b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) the legal <b><i>practice</i></b> carried on by the <b><i>insured firm</i></b> as at the commencement of the <b><i>period of insurance</i></b>; and</li> <li>(b) the continuous legal <b><i>practice</i></b> preceding and succeeding the <b><i>practice</i></b> referred to in paragraph (i) (irrespective of changes in ownership of the <b><i>practice</i></b>)</li> </ul>
<b><i>insurer</i></b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) for the purposes of the SRA Financial Services (Conduct of Business) Rules 2001 a firm with permission to effect or carry out <b><i>contracts of insurance</i></b> (other than a bank); and</li> <li>(b) for the purposes of the SRA Indemnity Insurance Rules and the <b><i>MTC</i></b> the underwriter(s) of the insurance</li> </ul>

<b>lead insurer</b>	means the insurer named as such in the contract of insurance in accordance with clause 2.6 of the <b>MTC</b>
<b>MTC</b>	means the minimum terms and conditions with which a <b>policy</b> of <b>qualifying insurance</b> is required by the SRA Indemnity Insurance Rules to comply, as at annex 1 to those rules
<b>non-SRA firm</b>	means a <b>sole practitioner, partnership, LLP</b> or <b>company</b> which is not authorised to practise by the <b>SRA</b> , and which is either: <ul style="list-style-type: none"> <li>(a) authorised or capable of being authorised to practise by another <b>approved regulator</b>; or</li> <li>(b) not capable of being authorised to practise by any <b>approved regulator</b></li> </ul>
<b>participating insurer</b>	means an <b>authorised insurer</b> which has entered into a <b>participating insurer's agreement</b> with the <b>SRA</b> which remains in force for the purposes of underwriting new business at the date on which the relevant contract of <b>qualifying insurance</b> is made
<b>participating insurer's agreement</b>	means an agreement in such terms as the <b>SRA</b> may prescribe setting out the terms and conditions on which a <b>participating insurer</b> may provide professional indemnity insurance to <b>solicitors</b> and others in <b>private legal practice</b> in England and Wales
<b>Partial Home State Cover</b>	has the meaning given in annex 2 to the SRA Indemnity Insurance Rules
<b>period of insurance</b>	means the period for which the insurance operates
<b>policy</b>	means a contract of professional indemnity insurance made between one or more <b>persons</b> , each of which is a <b>participating insurer</b> , and an <b>authorised body</b>
<b>policy period</b>	means the <b>period of insurance</b> in respect of which risks may attach under a <b>policy</b> , but excluding the <b>extended policy period</b> and the <b>cessation period</b>
<b>practice</b>	means the whole or such part of the <b>private legal practice</b> of an <b>authorised body</b> as is carried on from one or more offices in England and Wales
<b>principal</b>	means: <ul style="list-style-type: none"> <li>(a) where the <b>authorised body</b> is or was: <ul style="list-style-type: none"> <li>(i) a <b>recognised sole practice</b> – the <b>sole practitioner</b>;</li> </ul> </li> </ul>

	<p>(ii) a <b>partnership</b> - each <b>partner</b>;</p> <p>(iii) a <b>company</b> with a share capital - each <b>director</b> of that <b>company</b> and any <b>person</b> who:</p> <p>(A) is held out as a <b>director</b>; or</p> <p>(B) beneficially owns the whole or any part of a share in the <b>company</b>; or</p> <p>(C) is the ultimate beneficial owner of the whole or any part of a share in the <b>company</b>;</p> <p>(iv) a <b>company</b> without a share capital - each <b>director</b> of that <b>company</b> and any <b>person</b> who:</p> <p>(A) is held out as a <b>director</b>; or</p> <p>(B) is a <b>member</b> of the <b>company</b>; or</p> <p>(C) is the ultimate owner of the whole or any part of a body corporate or other legal <b>person</b> which is a <b>member</b> of the <b>company</b>;</p> <p>(v) an <b>LLP</b> - each <b>member</b> of that <b>LLP</b>, and any <b>person</b> who is the ultimate owner of the whole or any part of a body corporate or other legal <b>person</b> which is a <b>member</b> of the <b>LLP</b>;</p> <p>(b) where a body corporate or other legal <b>person</b> is a <b>partner</b> in the <b>authorised body</b>, any <b>person</b> who is within paragraph (a)(iii) of this definition (including sub-paragraphs (A) and (C)), paragraph (a)(iv) of this definition (including sub-paragraphs (A) and (C)), or paragraph (a)(v) of this definition</p>
<b>prior practice</b>	means each <b>practice</b> to which the <b>insured firm's practice</b> is ultimately a <b>successor practice</b> by way of one or more mergers, acquisitions, absorptions or other transitions, but does not include any such <b>practice</b> which has elected to be insured under run-off cover in accordance with clause 5.5 of the <b>MTC</b>
<b>private legal practice</b>	means the provision of services in private <b>practice</b> as a <b>solicitor</b> or <b>REL</b> in an <b>authorised body</b> including, without limitation: <p>(a) providing such services in England, Wales or anywhere in the world in a <b>recognised sole practice</b>, a <b>recognised body</b> or a <b>licensed body</b> (in respect of its <b>regulated activities</b>);</p>

	<p>(b) the provision of such services as a secondee of the <i>insured firm</i>;</p> <p>(c) any insured acting as a personal representative, trustee, attorney, notary, insolvency practitioner or in any other role in conjunction with a <i>practice</i>;</p> <p>(d) the provision of such services by any <i>employee</i>; and</p> <p>(e) the provision of such services pro bono;</p> <p>but does not include:</p> <p>(f) discharging the functions of any of the following offices or appointments:</p> <p>(i) judicial office;</p> <p>(ii) Under Sheriffs;</p> <p>(iii) members and clerks of such tribunals, committees, panels and boards as the Council may from time to time designate but including those subject to the Tribunals and Inquiries Act 1992, the Competition Commission, Legal Services Commission Review Panels, Legal Aid Agency Review Panels and Parole Boards;</p> <p>(iv) Justices' Clerks; or</p> <p>(v) Superintendent Registrars and Deputy Superintendent Registrars of Births, Marriages and Deaths and Registrars of Local Crematoria</p>
<i>SIF</i>	means the Solicitors Indemnity Fund
<i>solicitor</i>	means a <i>person</i> who has been admitted as a solicitor of the Senior Courts of England and Wales and whose name is on the roll, save that in the SRA Indemnity Insurance Rules and the <i>MTC</i> this includes a <i>person</i> who practises as a solicitor whether or not the <i>person</i> has in force a practising certificate, and also includes practice under home title of a former <i>REL</i> who has become a solicitor
<i>successor practice</i>	<p>(a) means a <i>practice</i> identified in this definition as 'B', where:</p> <p>(i) 'A' is the <i>practice</i> to which B succeeds; and</p> <p>(ii) 'A's owner' is the owner of A immediately prior to transition; and</p>

	<p>(iii) 'B's owner' is the owner of B immediately following transition; and</p> <p>(iv) 'transition' means merger, acquisition, absorption or other transition which results in A no longer being carried on as a discrete legal <i>practice</i>.</p> <p>(b) B is a successor practice to A where:</p> <p>(i) B is or was held out, expressly or by implication, by B's owner as being the successor of A or as incorporating A, whether such holding out is contained in notepaper, business cards, form of electronic communications, publications, promotional material or otherwise, or is contained in any statement or declaration by B's owner to any regulatory or taxation authority; and/or</p> <p>(ii) (where A's owner was a <i>sole practitioner</i> and the transition occurred on or before 31 August 2000) - the <i>sole practitioner</i> is a <i>principal</i> of B's owner; and/or</p> <p>(iii) (where A's owner was a <i>sole practitioner</i> and the transition occurred on or after 1 September 2000) - the <i>sole practitioner</i> is a <i>principal</i> or <i>employee</i> of B's owner; and/or</p> <p>(iv) (where A's owner was a <i>recognised body</i> or a <i>licensed body</i> (in respect of its <i>regulated activities</i>)) - that body is a <i>principal</i> of B's owner; and/or</p> <p>(v) (where A's owner was a <i>partnership</i>) - the majority of the <i>principals</i> of A's owner have become <i>principals</i> of B's owner; and/or</p> <p>(vi) (where A's owner was a <i>partnership</i> and the majority of <i>principals</i> of A's owner did not become <i>principals</i> of the owner of another legal <i>practice</i> as a result of the transition) - one or more of the <i>principals</i> of A's owner have become <i>principals</i> of B's owner and:</p> <p>(A) B is carried on under the same name as A or a name which substantially incorporates the name of A (or a substantial part of the name of A); and/or</p>
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	<p>(B) B is carried on from the same premises as A; and/or</p> <p>(C) the owner of B acquired the goodwill and/or <b>assets</b> of A; and/or</p> <p>(D) the owner of B assumed the liabilities of A; and/or</p> <p>(E) the majority of staff employed by A's owner became <b>employees</b> of B's owner.</p> <p>(c) notwithstanding the foregoing, B is not a successor practice to A under paragraph (b) (ii), (iii), (iv), (v) or (vi) if another <b>practice</b> is or was held out by the owner of that other <b>practice</b> as the successor of A or as incorporating A, provided that there is insurance complying with the <b>MTC</b> in relation to that other <b>practice</b></p>
<b>sum insured</b>	means the <b>insurer's</b> limit of liability under a <b>policy</b> in respect of any one <b>claim</b> (exclusive of <b>defence costs</b> )
<b>supplementary run-off cover</b>	means run-off cover provided by the Solicitors Indemnity Fund following the expiry of run-off cover provided to an <b>authorised body</b> in accordance with the SRA Indemnity Insurance Rules or otherwise under a <b>policy</b> (but subject to compliance with the <b>MTC</b> )
<b>trustee</b>	includes a personal representative, and "trust" includes the duties of a personal representative
<b>turnover</b>	means the amounts derived from the provision of goods and services in the most recent financial year, after deduction of: <p>(a) trade discounts;</p> <p>(b) value added tax; and</p> <p>(c) any other taxes based on the amounts so derived</p>

To note: other defined terms in these draft rules are set out in the SRA Glossary that was made by the SRA Board in May 2018.