FirstTitle

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SOLICITORS' PROFESSIONAL INDEMNITY INSURANCE

PROPOSAL FORM 2011

Please complete this form to the best of your knowledge, answering all questions. The form must be checked and the Declaration signed and dated by a **principal** in the **firm**.

Where additional information is requested, please provide this in the space provided at the end of this form, or on a separate sheet of your **firm**'s headed notepaper, in either case making clear to which question or questions your response relates. All such additional information will be considered to form part of your proposal to insurers.

Certain terms appear in **bold type** throughout and carry the meaning given by the Definitions sheet at the end of this form.

Your proposal will form the basis of any insurance contract and therefore all particulars and statements contained in it must be true and all material facts must be disclosed.

1 GENERAL INFORMATION

1-1 Name of proposing **firm** (as registered with the **SRA**)

1-2 Additional trading styles (if any)

1-3 Main office address

Postcode

1-4 Establishment date of **firm** / /

1-5 Main office **SRA** registration number

1-6 Is the **firm** (or any **principal**) registered at Companies House either as a Limited Liability Partnership or a Limited Company? **Yes / No**

1-7 How many branch offices (other than the main office listed above) does the **firm** have?

*Please provide address and **SRA** registration details for each such branch office.*

1-8 Are all branch offices supervised by a continuously resident **principal** of the **firm**? **Yes / No**

If not, please provide details of the alternative supervision arrangements in place.

2 PRIOR PRACTICES

2-1 Has the **firm** ever acquired, or does the **firm** intend (whether specifically or in principle) to expand or develop in the next 12 months by the acquisition of, any **prior practice**? **Yes / No**

If so, please provide details of the due diligence procedures in place and explain how you assess the potential acquisition's work profile, quality systems and past disciplinary and claims record. You are reminded that any future acquisition will be material to your Professional Indemnity cover and underwriters' terms should be sought and reviewed in advance of any such change.

2-2 Are you aware of any solicitors' practice to which the **firm** would have become a **successor practice** were it not for that practice having elected to be insured under its own **run-off cover** (as provided for by the Solicitors' Indemnity Insurance Rules 2010)? **Yes / No**

*If so, please provide details of all such practices and the circumstances of their closure, together with evidence of the **run-off cover** which is in place for each practice.*

2-3 Has any individual currently or previously employed by the **firm** operated a solicitors' practice either on their own account or as a Recognised Sole Practitioner since 1st October 2006? **Yes / No**

*If so, please provide details of all such practices and the circumstances of their closure, together with details of the **successor practice** or **run-off cover** in place.*

2-4 Please provide details of all solicitors' practices to which the **firm** has ever become a **successor practice** below.

*Where any **succession date** is on or after 1st October 2006, please provide a copy of the corresponding practice's last completed Professional Indemnity proposal form.*

Practice Name	Postcode	Succession Date
		/ /
		/ /
		/ /

3 SOLICITORS AND STAFF

3-1 Please provide details of members of staff in each of the following categories. You should refer to the Definitions attached to this form for clarity. Please continue on another sheet if necessary.

SOLICITOR PRINCIPALS	*Please provide a CV where joined in the last 12 months*				
Full name	**Date of birth**	**SRA roll number**	**Year admitted**	**Year joined**	**Full-time?**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**

NON-SOLICITOR PRINCIPALS	*Please provide a CV in all cases*				
Full name	**Date of birth**	**Role and Qualifications**		**Year joined**	**Full-time?**
	/ /				**Yes / No**
	/ /				**Yes / No**
SOLICITOR EMPLOYEES	*Excluding RFLs, RELs and other non-**solicitor** lawyers*				
Full name	**Date of birth**	**SRA roll number**	**Year admitted**	**Year joined**	**Full-time?**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
OTHER FEE-EARNERS	*Including RFLs, RELs and other non-**solicitor** Lawyers*				
Full name	**Date of birth**	**Status and Qualifications**		**Year joined**	**Full-time?**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**
	/ /				**Yes / No**

3-2 Does every **principal** (whether a **solicitor** or otherwise) work full-time for the **firm**, where this is understood to mean that each is engaged in conducting the **firm**'s business from the office addresses stated above for at least 30 hours each week? **Yes / No**

If not, please provide full details of working arrangements in place and how supervisory responsibilities are discharged.

3-3 Did any **principal** obtain their first legal qualification outside of England & Wales? **Yes / No**

If so, please provide an up-to-date professional CV for all such individuals.

3-4 Is any **principal**, **solicitor** or employee in the **firm** involved in any way in any other business undertaking or solicitors' practice? **Yes / No**

If so, please provide details.

3-5 Does the **firm** have formal procedures for verifying qualifications and previous experience of any potential new employee or **principal**? **Yes / No**

4 FINANCIAL INFORMATION

4-1 Please provide **fee income** (divided by client domicile) and **net profit** figures for the **firm** (excluding any **prior practice**) for the following annual accounting periods.

Annual accounting period ending		Fee Income by client domicile			Net Profit (before drawings)	Net Worth of Firm
		UK	USA and Canada	Rest of World		
Current (est.)	/ /	£	£	£	£	£
Last completed	/ /	£	£	£	£	£
Prior 1	/ /	£	£	£	£	£
Prior 2	/ /	£	£	£	£	£
Prior 3	/ /	£	£	£	£	£
Prior 4	/ /	£	£	£	£	£

4-2 What is the largest cumulative fee charged to a single client or connected group of clients over any one year in the last three years? £

*If this exceeds 20% of the **firm**'s **fee income** in that year, please provide further details.*

4-3 Has any individual currently employed by the **firm**, or employed by the **firm** at any time in the last ten years, <u>ever</u>:

been subject to a civil or criminal judgement or a petition for bankruptcy, or entered into a voluntary insolvency arrangement? **Yes / No**

been a **principal** in a solicitors' practice or a partner or director in any business venture which was subject to a civil or criminal judgement or a petition for bankruptcy, or entered into a voluntary insolvency arrangement? **Yes / No**

been a **principal** in a solicitors' practice which entered into **run-off cover** or which ceased to trade without an agreed **successor practice**? **Yes / No**

If yes *to any of the above, please provide full details.*

5 BUSINESS ACTIVITY

5-1 Has the **firm** or any **prior practice** <u>ever</u>:

provided advice on or services related to the law of any jurisdiction other than England & Wales? **Yes / No**

provided advice or services to clients domiciled in (or whose ultimate holding company is domiciled in) the USA or Canada? **Yes / No**

provided financial advice, that is to say, conducted work which would now be considered Regulated Activity in the meaning of the Financial Services and Markets Act 2000 (whether this was regulated by the Financial Services Authority, exempt from such regulation, or otherwise)? **Yes / No**

If yes *to any of the above, please provide full details of the work undertaken, the client in question, and the relevant qualifications and experience of the individuals undertaking the work. If any professional or statutory body other than or in addition to the **SRA** regulated and/or supervised this work (for example, the Financial Services Authority), please provide details including the period of such supervision and any registration number.*

5-2 Please provide the percentage of your **fee income** allocated to each of the following areas of practice in each stated annual accounting period.

	Work ever performed or offered?	Breakdown of fees	
		Last complete year	Prior year
Agency advocacy	Yes / No	%	%
Arbitration, Adjudication, Mediation	Yes / No	%	%
Children, Family, Mental Health Tribunal, Welfare	Yes / No	%	%
Commercial litigation	Yes / No	%	%
Mergers & Acquisitions	Yes / No	%	%
General commercial (quoted companies)	Yes / No	%	%
General commercial (not quoted companies)	Yes / No	%	%
Residential conveyancing	Yes / No	%	%
Commercial conveyancing	Yes / No	%	%
Criminal law	Yes / No	%	%
Debt collection	Yes / No	%	%
Defendant litigious work for insurers	Yes / No	%	%
Employment law (contentious)	Yes / No	%	%
Employment law (non-contentious)	Yes / No	%	%
Financial advice and services	Yes / No	%	%
Immigration	Yes / No	%	%
Intellectual property	Yes / No	%	%
Landlord & Tenant (contentious)	Yes / No	%	%
Landlord & Tenant (non-contentious)	Yes / No	%	%
Lecturing, Expert Witness (and related activities)	Yes / No	%	%
Matrimonial	Yes / No	%	%
Oaths, Affidavits, Notary Public	Yes / No	%	%
Offices and appointments	Yes / No	%	%
Parliamentary agency	Yes / No	%	%
Personal injury (claimant)	Yes / No	%	%
Personal injury (defendant)	Yes / No	%	%
Probate, Estate administration	Yes / No	%	%
Property sales, management and valuations	Yes / No	%	%
Town & Country Planning	Yes / No	%	%
Wills, Trusts, Tax planning	Yes / No	%	%
Other (contentious)	Yes / No	%	%
Other (non-contentious)	Yes / No	%	%

6 PERSONAL INJURY AND CLAIMANT LITIGATION

6-1 Please provide the following details in respect of the **firm**'s claimant litigious (including personal injury) work over the past three annual accounting periods.

	Last complete year	Prior years	
		Prior 1	Prior 2
Number of cases			
Largest settlement	£	£	£
Average settlement	£	£	£

6-2 Please advise the proportion of claimant litigious (including personal injury) cases over the past three annual accounting periods which was undertaken on a Conditional Fee Arrangement (CFA) or similar fee basis, or backed by After The Event (ATE) insurance arranged through (or on the basis of a review conducted by) the **firm**.

	Last complete year	Prior years	
		Prior 1	Prior 2
CFA basis	%	%	%
ATE backed	%	%	%

6-3 Over the past five years has all work undertaken on a CFA or similar fee basis, or backed by ATE insurance arranged through (or on the basis of a review conducted by) the **firm**, been approved by a **principal** prior to acceptance? **Yes / No**

If not, please provide details of the risk management and file review procedures in place.

6-4 Has the **firm** or any **prior practice** <u>ever</u> accepted instructions in respect of:

any class actions or other group litigation? **Yes / No**

any industrial or occupational disease claim? **Yes / No**

any medical malpractice claim? **Yes / No**

If yes *to any of the above, please provide details of the matter and any specific risk management steps taken.*

6-5 Has the **firm** or any **prior practice** <u>ever</u>:

conducted work for or on behalf of a Trade Union or similar body? **Yes / No**

undertaken any work referred by and/or purchased from any claims management company, referral network, or promotional group? **Yes / No**

acted as a panel solicitor reviewing cases on behalf of any ATE insurer? **Yes / No**

conducted cases backed by ATE insurance where each case was not individually reviewed by the ATE insurer prior to acceptance? **Yes / No**

entered into arrangements to facilitate deductions of any kind from damages payments? **Yes / No**

If yes *to any of the above, please provide full details of the work undertaken, including the names of any referral sources and/or ATE insurers as applicable, and any specific risk management steps taken.*

7 CONVEYANCING

7-1 Please advise the number of fee-earners in the **firm** and/or any **prior practice** who undertake or have undertaken conveyancing work over the past five annual accounting periods.

	Last complete year	Prior years			
		Prior 1	Prior 2	Prior 3	Prior 4
Solicitors					
Qualified fee-earners					
Unqualified fee-earners					

7-2 Please provide the following details in respect of all residential conveyancing work carried out by the **firm** and/or any **prior practice** over the past five annual accounting periods.

	Last complete year	Prior years			
		Prior 1	Prior 2	Prior 3	Prior 4
Number of transactions					
Fee income	£	£	£	£	£
Largest transaction value	£	£	£	£	£
Average transaction value	£	£	£	£	£
% Remortgage transactions	%	%	%	%	%
% Buy-to-let transactions	%	%	%	%	%

7-3 Please provide the following details in respect of all commercial conveyancing work carried out by the **firm** and/or any **prior practice** over the past five annual accounting periods.

	Last complete year	Prior years			
		Prior 1	Prior 2	Prior 3	Prior 4
Number of transactions					
Fee income	£	£	£	£	£
Largest transaction value	£	£	£	£	£

7-4 Has the **firm** applied for and/or been granted accreditation under the Law Society's Conveyancing Quality Scheme?

Yes / No Accredited from: / /

7-5 Please provide details of your identity verification procedure for conveyancing clients, including details of the checks carried out and the procedure for checking compliance with lender requirements in this regard.

7-6 Over the last five years what safeguards has the **firm** (and any **prior practice**) had in place to ensure that features indicative of potential mortgage fraud in conveyancing transactions (e.g. back-to-back transactions, discounts, incentives) are both identified and reported to lender clients? If there has been a material change in your procedures please provide dates as appropriate.

7-7 Over the last five years what processes has the **firm** (and any **prior practice**) had in place to ensure that changes to lender requirements (including those under CML Handbook Part 2) are properly tracked? If there has been a material change in your procedures and/or you have deployed software such as Conveycentric LenderMonitor (or similar) please provide dates as appropriate.

7-8 What training is and has been provided to fee-earners in the **firm** (and any **prior practice**) in respect of identifying potential mortgage fraud and money laundering issues?

7-9 Has the **firm** or any **prior practice** ever:

undertaken pure legal work only for Equity Release mortgages or Home Income Plans?	**Yes / No**
provided financial advice in respect of Equity Release mortgages or Home Income Plans?	**Yes / No**
conducted property valuations for the purpose of lending or probate?	**Yes / No**
accepted instructions from property clubs or investment schemes?	**Yes / No**

If yes *to any of the above, please provide full details.*

7-10 Over any 12-month period in the last five years, have more than 10% of the **firm**'s conveyancing instructions (or more than 10% of the conveyancing instructions accepted by any **prior practice**) originated from:

any one client or connected group of clients?	**Yes / No**
any one development (including multiple phases of a single development)?	**Yes / No**
any single referral source (whether or not a formal referral arrangement was in place)?	**Yes / No**

If yes *to any of the above, please provide full details.*

7-11 In the last 12 months where acting for the purchaser in residential conveyancing transactions, how many of your clients have purchased:

a First Title Home Owners' Protection Policy? [ ]

any other known or unknown risk legal indemnity policy? [ ]

7-12 Has the **firm** or any **prior practice** acted in the last five years in any conveyancing transaction involving a sub-prime lender? **Yes / No**

If so, please identify the lenders involved and the volume of transactions.

7-13 Has the **firm** or any **prior practice** ever been removed or suspended from any lender panel? **Yes / No**

If so, please identify the lenders involved and provide full details of the circumstances.

7-14 On how many occasions in the last 12 months has the **firm** or any **prior practice** received requests for conveyancing files from lenders or solicitors? [ ]

Please provide full details of all such requests, identifying the lenders involved.

Have all such requests been notified to and accepted as an effective notification by your Professional Indemnity insurers? **Yes / No**

7-15 Are all reports and/or certificates addressed to lenders reviewed and signed by a **principal** of the **firm**? **Yes / No**

8 COMMERCIAL WORK

8-1 Please provide details of the five largest commercial instructions accepted by the **firm** (or any **prior practice**) over the last three annual accounting periods.

Area of work	Contract value	Fees earned	Date completed
	£	£	/ /
	£	£	/ /
	£	£	/ /
	£	£	/ /
	£	£	/ /

8-2 Please provide details of the **firm**'s three largest commercial clients by aggregate fee income (including that earned by any **prior practice**) over the last three annual accounting periods.

Area/s of work	Retainer basis?	Total fees earned
	Yes / No	£
	Yes / No	£
	Yes / No	£

8-3 Has the **firm** or any **prior practice** ever:

provided advice on or services related to marine or aviation law? **Yes / No**

provided advice or services in respect of projects involving oil, gas or other natural resources? **Yes / No**

If yes *to either of the above, please provide full details of the work undertaken, the client in question, and the relevant qualifications and experience of the individuals undertaking the work.*

9 REGULATION

9-1 Has any individual currently employed by the **firm**, or employed at any time in the last ten years by the **firm** or any **prior practice**, <u>ever</u>:

been refused a Practising Certificate by the **SRA**?	**Yes / No**
had a Practising Certificate revoked or suspended by the **SRA**?	**Yes / No**
been granted a conditional Practising Certificate by the **SRA**?	**Yes / No**

If yes *to any of the above, please provide full details and enclose a copy of all relevant correspondence with the* ***SRA****. If the individual continues to be employed by the* ***firm****, please provide a copy of their current Practising Certificate; if not, please provide details of the circumstances of their departure.*

9-2 Has any individual currently employed by the **firm** or employed at any time in the last ten years by the **firm** or any **prior practice**, <u>ever</u>:

been reprimanded, fined or otherwise sanctioned by the Solicitors Disciplinary Tribunal?	**Yes / No**
been the subject of an investigation by the **SRA**, or practised in any solicitors' practice which was the subject of an investigation or intervention by the **SRA**?	**Yes / No**
been the subject of, or practised in a business of any nature which was the subject of, an investigation by other regulatory or professional body (including the FSA)?	**Yes / No**

If yes *to any of the above, please provide full details and enclose a copy of all reports issued by or relevant correspondence with any regulatory or professional body.*

9-3 Has the **firm** or any **prior practice**:

at any time in the last three years been the subject of a monitoring visit from the **SRA**?	**Yes / No**
<u>ever</u> been the subject of any visit or enquiry from the Forensic Investigation Unit of the **SRA** or has notice of any proposed visit been given?	**Yes / No**

If yes *to either of the above, please provide full details including a copy of the report and an explanation of any follow-up actions.*

9-4 Has the **firm**, any **prior practice**, or any solicitors' practice of which a **principal** in the **firm** was **principal**, <u>ever</u>:

been insured through the Assigned Risks Pool?	**Yes / No**
failed to pay or been late in paying any Professional Indemnity premium or premium instalment?	**Yes / No**
failed to pay the excess due under a Professional Indemnity policy?	**Yes / No**

If yes *to any of the above, please provide full details.*

10 RISK MANAGEMENT

10-1 Does the **firm** have a formal, documented risk management strategy? **Yes / No**

If so, which individual is responsible for maintaining this?

10-2 Is the **firm** accredited to:

Lexcel?

Yes / No Accredited from: / /

ISO 9001 Quality Management Systems?

Yes / No Accredited from: / /

10-3 Does the **firm** have:

a new client procedure which involves at least one **solicitor** and includes intake checks to detect potential money laundering and conflicts of interest, and a policy and procedure to comply with its obligations under the Bribery Act 2010? **Yes / No**

a file audit procedure in all departments with regular review by a **principal** of all files (including the work of each other **principal**) until formally closed? **Yes / No**

a centralised critical date diary system in operation with procedures in place to deal with staff absence or system failure? **Yes / No**

10-4 Is any individual able to draw cheques on either the office or client account under their sole signature? **Yes / No**

If so, please provide details of the procedure here.

10-5 Has the **firm** or any **principal** <u>ever</u> exercised a controlling or financial interest in any company or organisation for which the **firm** was undertaking work? **Yes / No**

If so, please provide details including procedures in place to avoid conflicts of interest.

10-6 Has any organisation or person who is not a **principal** <u>ever</u> exercised a controlling or financial interest in the **firm**? **Yes / No**

*If so, please explain how the **SRA**'s requirements are met and provide details of the procedures in place to avoid conflicts of interest.*

11 CLAIMS AND CIRCUMSTANCES

11-1 Please provide details of all Claims and Circumstances notified to Qualifying Insurers or the Assigned Risks Pool by the **firm** or any **prior practice** in the past five indemnity periods.

Indemnity Period	Qualifying Insurer/s	Claims notified?
Oct. 2006 – Sept. 2007		**Yes / No**
Oct. 2007 – Sept. 2008		**Yes / No**
Oct. 2008 – Sept. 2009		**Yes / No**
Oct. 2009 – Sept. 2010		**Yes / No**
Oct. 2010 – Sept. 2011		**Yes / No**

Please provide an up-to-date Qualifying Insurer (or Assigned Risks Pool) Claims Summary for each indemnity period specified irrespective of whether claims were notified or not.

*Summaries should be supplied both for the **firm** and for any **prior practice** trading independently during such period.*

Underwriters will not be able to provide a firm quotation without these details.

11-2 After full enquiry of each **principal**, **solicitor** and employee of the **firm**:

are you aware of any circumstances, incidents or claims that you have not reported to your current or any prior Professional Indemnity insurers, or that you have notified but which have not been accepted by insurers as an effective notification? **Yes / No**

Please note that you have an obligation under your current Professional Indemnity policy to notify these matters to your current insurer, and that underwriters may require confirmation that you have done so and that the notification has been accepted before a firm quotation can be provided.

are you aware of any circumstances, incidents or claims reported by the **firm** or any **prior practice** in the last ten years which have arisen as a result of the dishonesty of any **principal**, **solicitor** or employee in that practice? **Yes / No**

If so, please provide details.

are you aware of any circumstances, incidents or claims which have arisen out of the work of any **principal** of the **firm** in previous employment (or as **principal** of another solicitors' practice) during the last five years? **Yes / No**

If so, please provide details.

12 SIGNIFICANT CHANGE

12-1 Does the **firm** intend or contemplate any change in regulatory status in the coming year, including change to Limited Liability Partnership or Limited Company status, or transition to regulation under the Legal Services Act 2007 Alternative Business Structures regime? **Yes / No**

If so, please provide full details including a business plan.

12-2 Do you expect any other significant change to or in the **firm** in the coming year? **Yes / No**

If you are unsure as to whether a change is significant, you are advised to disclose it.

12-3 Is there any other material information which may be relevant to this proposal? **Yes / No**

If you are unsure as to whether any information is material, you are advised to disclose it.

Space is provided overleaf for further details of any significant changes or other material information relevant to this proposal. You may also use it to provide additional information requested elsewhere in this form, in which case please clearly state to which question or questions your response relates.

*If you need further space please continue on a separate sheet of the **firm**'s headed notepaper. All such information will be considered to form part of your proposal to insurers.*

ADDITIONAL INFORMATION

DECLARATION

By signing this proposal form you consent to Ink Insurance using the information we may hold about you for the purpose of providing insurance and handling claims, if any, and to process sensitive personal data about you where this is necessary (for example criminal convictions). This may mean we have to give some details to third parties involved in providing insurance cover. These may include insurance carriers, third-party claims adjusters, fraud detection and prevention services, reinsurance companies and insurance regulatory authorities. In the course of performing our obligation to you, this information may be disclosed to agents and service providers appointed by us and insurers (which includes their reinsurers, legal advisers, loss adjusters or agents). Where such sensitive personal information relates to anyone other than you, you must obtain the explicit consent of the person to whom the information relates both to the disclosure of such information to us and its use by us as set out above. The information provided will be treated in confidence and, where relevant, in compliance with the Data Protection Act 1998. You have the right to apply for a copy of your information (for which we may charge a small fee) and to have any inaccuracies corrected.

I/we declare that to the best of my/our knowledge and belief the particulars and statements contained within this proposal are true, full enquiry having been made, and that no material fact which may be relevant to insurers' consideration of this proposal has been omitted, suppressed or misstated; and further undertake to inform the insurer of any change in such particulars and statements or new material facts which arise prior to the inception and/or during the currency of any insurance contract.

I/we understand that such particulars and statements will be used to by insurers and their agents or service providers to determine whether any insurance contract is offered and the terms of such contract including the premium, and will form the basis of any such contract which may be concluded.

Principal signature	
Print name	
Dated	/ /

DEFINITIONS

SRA means the Solicitors Regulation Authority but also includes as relevant to the context previous supervisory or regulatory bodies including The Law Society of England & Wales and the former OSS, CCS and LCS.

Firm means each current solicitors' practice regulated by the **SRA** for which cover is required under the your Professional Indemnity Insurance, as named at q.1-1 of this form.

Rules means the **SRA**'s Solicitors' Indemnity Insurance Rules 2011, which will govern the terms of your Professional Indemnity Insurance. Where reference is made to a definition contained in the **rules** you are recommended to review that definition.

Solicitor means a Solicitor of the Senior Courts of England & Wales. Where reference is made to a ***solicitor*** *in the* ***firm*** this means any **solicitor** employed or retained by or otherwise acting for the **firm**.

Principal means a Regulated Principal of the **firm** as defined in the **rules** and recorded by the **SRA**. This includes any **solicitor** trading as a Recognised Sole Practitioner (or on their own account), and any partner, LLP member or Limited Company director in the **firm** (whether a **solicitor** or not). If the **firm**'s ownership structure is more complex, for example any independent Recognised Body has an ownership interest, we recommend you review the formal definition thoroughly.

Private Legal Practice means your **firm**'s business falling to be covered under its Professional Indemnity Insurance, as defined in the **rules**. This includes but is not limited to the provision of services in private practice as a **solicitor** anywhere in the world or acting in any other role in conjunction with a solicitors' practice whether for a fee or otherwise.

Fee Income means the gross fee income derived by your **firm** from **private legal practice** as charged to clients (whether actually paid or not) and excluding VAT.

Net Profit means the **firm**'s **fee income** less the costs of the business. Costs is taken to include all profit costs together with deductions for bad debt, taxation and accounting charges, but does not include any dividends or drawings.

Net Worth means the total assets of the **firm** less its total liabilities, as at the accounting year end. Liabilities in this context include all loans or charges whether short- or long-term, including those due to or held by any **principal** in the **firm**.

Prior Practice means any solicitors' practice to which the **firm** is considered a **successor practice** in accordance with the definition below.

Successor Practice means a practice deemed by the **rules** to be the Successor Practice to another solicitors' practice which has ceased to be carried on as a discrete business. If your **firm** is a **successor practice** to any other solicitors' practice then the liabilities relating to that **prior practice** may fall to be covered by your **firm**'s Professional Indemnity Insurance and therefore will need to be taken into account by underwriters.

Your **firm** may be a **successor practice** having merged with another practice or simply taken on staff from a ceased practice, even if there was no intention that the liabilities of that practice be taken on or indeed a specific agreement was in place that those liabilities would remain elsewhere (including under another insurance policy or the ceased practice's **run-off cover**). We can only provide a summary of the issues here; please refer to the formal definition in the **rules**, particularly if you are unsure as to whether a previous merger situation means your **firm** may be a **successor practice**.

Succession Date means, in the event that your **firm** become the **successor practice** to any other solicitors' practice, the date of the "transition" (for example, merger or employee appointment) by which that succession takes place as contemplated by the rules.

Run-Off Cover means the extended period of Professional Indemnity Insurance cover provided to a solicitors' practice which has ceased to be carried on but which has not become a **prior practice**, as provided for by the **rules**. Since 1st October 2010 a practice which is ceasing to be carried on may, in certain circumstances, elect to purchase **run-off cover** in preference to becoming a **prior practice** even where otherwise that would be the case.