

# Succession Planning and PI Insurance

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## Is succession planning proving a problem for your practice?

As difficult as the process might be in identifying and of course securing the mechanism by which the right people might step up or join you as partners look to retire, the problem may become even harder where such succession plans might involve another practice.

Have you considered fully the possibility you may be deemed to be 'holding out'? Get this wrong and you could find yourselves inadvertently deemed a 'successor' practice with serious repercussions for the availability and cost of Professional Indemnity Insurance (PII).

A significant number of key indicators can be applied to help you through what can be a complex scenario. Although the rules of succession are set out by the Law Society under its Minimum Terms And Conditions, interpretation of these rules may not be so straightforward.

MFL Professional can assist if this is of concern to you. As specialist Insurance Brokers within the Solicitors' PII sector and as advisers to Manchester Law Society amongst others, we can offer our services in providing these key indicators in order to assist you in complying with Law Society rules and then of course securing the most appropriate PI I solution.

Not to be discounted is the scenario whereby this advice might identify you becoming a successor practice and where the ramifications of this are such that you make the choice to walk away. Without wishing to be doom laden, MFL have recently advised on just such a scenario whereby the acquiring practice, upon unintended succession, would have found their PII premium rocketing from

under £10,000 to over £80,000. That deal was consequently called off and whilst time and expense had gone into the initial negotiations, the expenditure and problems prevented by identifying these 'holding out' positions have meant that the commercial viability of the acquiring firm had not been jeopardised.

Clearly, an example as illustrated here does of course contain many factors which can impact and no two cases are likely to be exactly the same.

It does, however, highlight also the need for proper professional advice to be obtained at an early stage of any such negotiations. We shall shortly issue a further bulletin addressing some of the points you might need address when actually looking to succeed another practice.

We'd also here take the opportunity to briefly highlight a couple of other topical items which may also connect with the above:-

More detail will follow but we'd bring to the attention of those firms who specialise in Claimant Personal Injury work the likelihood of an increased focus on your firm by PI Insurers brought about by the Government's proposed reform of personal injury claims announced in the recent budget (including increasing the small claims limit to £5,000 and scrapping general damages for minor soft tissue injuries). You will no doubt be asked to evidence to your Insurers the measures/plans you have in place in order to manage the impact of these changes on your business going forward.

Many firms will have changed their PII renewal date away from the traditional 1st October, a lot of these now falling due on 1st April. Whatever your renewal date, MFL Professional are open for business

and happy to take your enquiries whether these be general queries, a review of your current programme or the provision of alternative quotations including Cyber Insurance to dovetail with your PII.

Therefore, if you need to discuss further with us please do not hesitate to contact us as below or use the fax back form and we shall contact you when convenient.

## Contact the MFL Professional team to discuss your PI arrangements:

T: 0161 236 2532

W: [www.m-f-l.co.uk](http://www.m-f-l.co.uk)

### Fax Back Form

To: MFL Professional

Fax No: 0161 236 2583

We would ask that you contact us in order to discuss the issues raised above. Please contact us as follows

Practice:

Contact name:

Tel. No:

Email: