

# The 2019 PII Renewal Season - Possible Changes, Are You Ahead Of The Game?

## RISK update

Manchester Law Society  
June Briefing 2019

There has been much written in the past 12 months about changes in the UK professional indemnity market.

Certain sectors of the UK professional indemnity market have been seeing increased premiums / variations in the cover insurers are prepared to provide. As you are all aware, all insurers participating in solicitors PII are required to provide cover as per the SRA's minimum terms and conditions, so insurers cannot deviate from the minimum cover provided.

So where do we see changes ahead?

Over the past 12 months there has been a significant reduction in insurers prepared to provide excess layer insurance over and above the primary limit of indemnity of £2m or £3m. As this also washes through various schemes and facilities run by brokers, all solicitors will see an increase in the cost of their excess layer insurances this year.

As regards primary insurers, whilst for renewals falling due January to April 2019, there were suggestions ahead of these renewals of premium increases, these turned out to be marginal for those firms with a good claims experience.

Whilst no broker really knows how the primary renewal market will perform until they start seeing the first renewal terms in July / August, do not expect to see periods of insurance over 12 months being

available at the same discounted premium rate as in previous years. Equally do not assume that your current insurer is going to offer you renewal. There are a lot of Insurers struggling with claims exposures and some providers have been curtailed by Lloyd's of London as regards how much capacity they can provide. This can then have a knock on effect for those facilities which use multiple insurers to provide you with cover.

So for the first time in many years, you need to prepare early for your PII renewal. A lot of you will have had the opportunity over the past few years to renew using a short renewal declaration / proposal form. Those days are numbered and it is expected a lot of insurers will be looking for a full proposal form and supplementary information. With this in mind, ask your broker for a full proposal form in June so you can establish the information that you will need to collate to be able to complete it.

Provide as much supplementary information as is requested i.e. accounts and up to date claims summaries. Where notifications have been made, provide commentary detailing what happened, what has been done to alleviate it happening again. Were their issues with a fee earner, do they still work for you? Have you conducted file reviews of their files?

Ask your current broker which insurers they can approach on your behalf and even more importantly, ask them how they access certain insurers. There still appears to be a large number of policies arranged where there are three or more brokers in the placement of the policy, unbeknown to the firm purchasing the cover. We also see solicitors firms signing letters of exclusivity to brokers thus restricting other brokers in obtaining competitive terms on the firm's behalf. There is no need to sign this letter even if the broker claims to approach all participating insurers (it's a myth, they cannot).

Transparency in a potentially hardening market is key. Please follow this link to our crib sheet [www.solicitorassist.com/assets/Sol\\_Ass\\_Crib\\_Sheet\\_Jan2019.pdf](http://www.solicitorassist.com/assets/Sol_Ass_Crib_Sheet_Jan2019.pdf) confirming exactly who we can approach for your size of firm and how we approach them.

If your cover falls due 1st October, get the completed proposal form and supplementary information back to your brokers by the end of July. Insurers also tend to go on holiday, so do not expect a plethora of quotations within fourteen days. If you have not received any terms in writing by the end of August, start to engage with another broker to see if they can ascertain what is happening with the participating insurers approached and provide an alternative / backstop for you.

[www.solicitorassist.com](http://www.solicitorassist.com)

GET IN  
TOUCH

Richard Gledhill, Director  
John Jones, Development Executive  
Mark Ramsbottom, Consultant

E: richardg@m-f-l.co.uk  
E: johnj@m-f-l.co.uk  
E: mark@solicitorassist.com

T: 0161 237 7725  
T: 0161 237 7739  
T: 01943 670 100