

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

Glossary terms	Definition
<i>applicant</i>	means for the purposes of the SRA Compensation Fund Rules a person applying for a grant out of the Compensation Fund
<i>authorised insurer</i>	<p>means:</p> <ul style="list-style-type: none"> (i) a <i>person</i> who has permission under Part 4A of <i>FSMA</i> to effect or carry out contracts of insurance of a relevant class; (ii) a <i>person</i> who carries on an insurance market activity, within the meaning of section 316(3) of <i>FSMA</i>; (iii) an <i>EEA</i> firm of the kind mentioned in paragraph 5(d) of Schedule 3 to <i>FSMA</i>, 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 (iv) a <i>person</i> 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 <i>UK</i>, <p>where "relevant class" has the meaning set out in section 87(1B) of the <i>SA</i> provided that this definition must be read with section 22 of <i>FSMA</i>, any relevant order under that section, and Schedule 2 to <i>FSMA</i></p>
<i>cessation</i>	means where the <i>insured firm's practice</i> ceases during the <i>period of insurance</i> or after the <i>period of insurance</i> in circumstances where the <i>insured firm</i> has not obtained insurance complying with the <i>MTC</i> and incepting on and with effect from the day immediately following the expiry of the <i>policy period</i>
<i>cessation period</i>	<p>means the period commencing on the expiry of the <i>extended policy period</i> where, during the <i>extended policy period</i> the relevant <i>authorised body</i> has not ceased <i>practice</i> or obtained a <i>policy of qualifying insurance</i> incepting with effect on and from the day immediately following expiration of the <i>policy period</i>, and ending on the date which is the earlier to occur of:</p> <ul style="list-style-type: none"> (i) the date, if any, on which the <i>authorised body</i> obtains a <i>policy of qualifying insurance</i> incepting with effect on and from the day immediately following expiration of the <i>policy period</i>; (ii) the date which is 90 days after the commencement of the <i>extended policy period</i>; or

	(iii)the date on which the <i>insured firm's practice</i> ceases
<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; <ul style="list-style-type: none"> (i) a person making a <i>claim</i> to <i>statutory trust monies</i>; and (ii) 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
<i>conveyancing services</i>	means dealing with transfers, conveyances, leases, contracts, deeds, grants, mortgages, charges, licences and other documents in connection with, and other services ancillary to, the disposition, acquisition or creation of estates or interests in or over land and the sale and purchase of companies whose primary asset is an estate or interest in land
<i>Council</i>	has the meaning given in section 87 of the <i>SA</i>
<i>defaulting practitioner</i>	has the meaning given in rule 4 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: <ul style="list-style-type: none"> (i) defending any proceedings relating to a <i>claim</i>; or (ii) conducting any proceedings for indemnity, contribution or recovery relating to a <i>claim</i>; or

	<p>(iii) investigating, reducing, avoiding or compromising any actual or potential claim; or</p> <p>(iv) acting for any insured in connection with any investigation, inquiry or disciplinary proceeding (save in respect of any disciplinary proceeding under the authority of the SRA or the Tribunal));</p> <p>and does not include any internal or overhead expenses of the insured firm or the insurer or the cost of any insured's time</p>
employee	<p>for the purposes of the SRA Indemnity Insurance Rules and the MTC, means any person other than a principal:</p> <p>(I) employed or otherwise engaged in the insured firm's practice (including under a contract for services) including, without limitation, as a solicitor, lawyer, trainee solicitor or trainee lawyer, consultant, associate, locum tenens, agent, appointed person, office or clerical staff member or otherwise;</p> <p>(II) seconded to work in the insured firm's practice; or</p> <p>(III) seconded by the insured firm to work elsewhere;</p> <p>but does not include any person who is engaged by the insured firm under a contract for services in respect of any work where that person 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>
endorsement	means the relevant endorsement for extension of insurance as set out in clause 9 of the MTC
excess	means the first amount of a claim which is not covered by the insurance
extended policy period	<p>means the period commencing at the end of the policy period and ending on the date which is the earlier to occur of:</p> <p>(i) the date, if any, on which the firm obtains a policy of qualifying insurance incepting on and with effect from the day immediately following the expiration of the policy period;</p> <p>(ii) the date which is 30 days after the end of the policy period; or</p> <p>(iii) the date on which the insured firm's practice ceases</p>
existing instructions	means instructions to carry out legal activities received by an authorised body 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 cessation period

<i>Indemnity period</i>	means in the SRA Indemnity Insurance Rules and the <i>MTC</i> , 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
<i>insolvency event</i>	means in relation to a <i>participating insurer</i> : <ul style="list-style-type: none"> (i) the appointment of a provisional liquidator, administrator, receiver or an administrative receiver; (ii) 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; (iii) 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; (iv) the making of a winding up order by the court; (v) the making of an order by the court reducing the value of one or more of the <i>participating insurer's</i> contracts under section 377 of <i>FSMA</i>; or (vi) the occurrence of any event analogous to any of the foregoing insolvency events in any jurisdiction outside England and Wales.
<i>insurance distribution activities</i>	means any of the following regulated activities as specified in the <i>Regulated Activities Order</i> which are carried on in relation to a <i>contract of insurance</i> or rights to or interests in a <i>life policy</i> : <ul style="list-style-type: none"> (a) dealing in investments as agent (article 21) (b) arranging (bringing about) deals in investments (article 25(1)) (c) making arrangements with a view to transactions in investments (article 25(2)) (d) assisting in the administration and performance of a contract of insurance (article 39A) (e) advising on investments (except peer to peer agreements) (article 53(1)) (f) agreeing to carry on a regulated activity in (a) to (e) above (article 64).
<i>insured</i>	In the SRA Indemnity Insurance Rules and the <i>MTC</i> means each person and entity named or described as a person to whom the insurance extends and includes, without limitation, those referred to in clause 1.3 in the <i>MTC</i>
<i>insured firm</i>	means the <i>authorised body</i> which contracted with the <i>insurer</i> to provide the insurance

<i>insured firm's practice</i>	<p>means:</p> <ul style="list-style-type: none"> (i) the legal <i>practice</i> carried on by the <i>insured firm</i> as at the commencement of the <i>period of insurance</i>; and (ii) the continuous legal <i>practice</i> preceding and succeeding the <i>practice</i> referred to in paragraph (i) (irrespective of changes in ownership of the <i>practice</i>)
<i>insurer</i>	<p>means:</p> <ul style="list-style-type: none"> (i) for the purposes of the SRA Financial Services (Conduct of Business) Rules 2001 a firm with permission to effect or carry out <i>contracts of insurance</i> (other than a bank); and (ii) for the purposes of the SRA Indemnity Insurance Rules and the <i>MTC</i> the underwriter(s) of the insurance
<i>lead insurer</i>	means the insurer named as such in the contract of insurance in accordance with clause 2.6 of the <i>MTC</i>
<i>legal activities</i>	has the meaning given in section 12 of the <i>LSA</i>
<i>MTC</i>	means the minimum terms and conditions with which a <i>policy of qualifying insurance</i> is required by the SRA Indemnity Insurance Rules to comply, a copy of which is annexed as Appendix 1 to those Rules
<i>non-commercial body</i>	means a body that falls within section 23(2) of the <i>LSA</i>
<i>non-SRA firm</i>	<p>means a <i>sole practitioner, partnership, LLP</i> or <i>company</i> which is not authorised to practise by the <i>SRA</i>, and which is either:</p> <ul style="list-style-type: none"> (i) authorised or capable of being authorised to practise by another <i>approved regulator</i>; or <p>not capable of being authorised to practise by any <i>approved regulator</i></p>
<i>non-reserved legal activity</i>	means a legal activity that falls within section 12(3)(b) of the <i>LSA</i>
<i>participating insurer</i>	means an <i>authorised insurer</i> which has entered into a <i>participating insurer's agreement</i> with the <i>SRA</i> which remains in force for the purposes of underwriting new business at the date on which the relevant contract of <i>qualifying insurance</i> is made
<i>participating insurer's agreement</i>	means an agreement in such terms as the <i>SRA</i> may prescribe setting out the terms and conditions on which a <i>participating insurer</i> may provide professional indemnity insurance to <i>solicitors</i> and others in <i>private practice</i> in England and Wales

<i>Partial Home State Cover</i>	has the meaning given in Appendix 2 to the SRA Indemnity Insurance Rules
<i>period of insurance</i>	means the period for which the insurance operates
<i>policy</i>	means a contract of professional indemnity insurance made between one or more persons, each of which is a <i>participating insurer</i> , and an <i>authorised body</i>
<i>policy period</i>	means the <i>period of insurance</i> in respect of which risks may attach under a <i>policy</i> , but excluding the <i>extended policy period</i> and the <i>cessation period</i>
<i>practice</i>	means the whole or such part of the <i>private practice</i> of an <i>authorised body</i> as is carried on from one or more offices in England and Wales
<i>principal</i>	<p>means:</p> <p>(i) where the <i>authorised body</i> is or was:</p> <p>(A) a <i>recognised sole practice</i> – the <i>sole practitioner</i>;</p> <p>(B) a <i>partnership</i> - each <i>partner</i>;</p> <p>(C) a <i>company</i> with a share capital - each <i>director</i> of that <i>company</i> and any <i>person</i> who:</p> <p>(01) is held out as a <i>director</i>; or</p> <p>(02) beneficially owns the whole or any part of a share in the <i>company</i>; or</p> <p>(03) is the ultimate beneficial owner of the whole or any part of a share in the <i>company</i>;</p> <p>(D) a <i>company</i> without a share capital - each <i>director</i> of that <i>company</i> and any person who:</p> <p>(01) is held out as a <i>director</i>; or</p> <p>(02) is a <i>member</i> of the <i>company</i>; or</p> <p>(03) is the ultimate owner of the whole or any part of a body corporate or other legal person which is a <i>member</i> of the <i>company</i>;</p> <p>(E) an <i>LLP</i> - each <i>member</i> of that <i>LLP</i>, and any <i>person</i> who is the ultimate owner of the whole or any part of a body corporate or other legal person which is a <i>member</i> of the <i>LLP</i>;</p> <p>(ii) where a body corporate or other legal person is a <i>partner</i> in the <i>authorised body</i>, any <i>person</i> who is within paragraph (i)(C) of this definition (including sub-paragraphs (01) and (03)),</p>

	paragraph (i)(D) of this definition (including sub-paragraphs (01) and (03)), or paragraph (i)(E) of this definition
prior practice	means each practice to which the insured firm's practice is ultimately a successor practice by way of one or more mergers, acquisitions, absorptions or other transitions, but does not include any such practice which has elected to be insured under run-off cover in accordance with clause 5.5 of the MTC
private legal practice	<p>means the provision of services in private practice as a solicitor or REL in an authorised body including, without limitation:</p> <ul style="list-style-type: none"> (i) providing such services in England, Wales or anywhere in the world in a recognised sole practice, a recognised body or a licensed body (in respect of its regulated activities); (ii) the provision of such services as a secondee of the insured firm; (iii) any insured acting as a personal representative, trustee, attorney, notary, insolvency practitioner or in any other role in conjunction with a practice; (iv) the provision of such services by any employee; and (v) the provision of such services pro bono; (vi) discharging the functions of any of the following offices or appointments: <p>but does not include:</p> <ul style="list-style-type: none"> (A)judicial office; (B)Under Sheriffs; (C)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; (D)Justices' Clerks; or (E)Superintendent Registrars and Deputy Superintendent Registrars of Births, Marriages and Deaths and Registrars of Local Crematoria
SRA Indemnity Insurance Rules	means the SRA Indemnity Insurance Rules in force from time to time
solicitor	means a person 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 MTC

	<p>this includes a person who practises as a solicitor whether or not the person has in force a practising certificate, and also includes practice under home title of a former REL who has become a solicitor</p>
<p>successor practice</p>	<p>(i) means a practice identified in this definition as 'B', where:</p> <p>(A) 'A' is the practice to which B succeeds; and</p> <p>(B) 'A's owner' is the owner of A immediately prior to transition; and</p> <p>(C) 'B's owner' is the owner of B immediately following transition; and</p> <p>(D) 'transition' means merger, acquisition, absorption or other transition which results in A no longer being carried on as a discrete legal practice.</p> <p>(ii) B is a successor practice to A where:</p> <p>(A) 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>(B) (where A's owner was a sole practitioner and the transition occurred on or before 31 August 2000) - the sole practitioner is a principal of B's owner; and/or</p> <p>(C) (where A's owner was a sole practitioner and the transition occurred on or after 1 September 2000) - the sole practitioner is a principal or employee of B's owner; and/or</p> <p>(D) (where A's owner was a recognised body or a licensed body (in respect of its regulated activities)) - that body is a principal of B's owner; and/or</p> <p>(E) (where A's owner was a partnership) - the majority of the principals of A's owner have become principals of B's owner; and/or</p> <p>(F) (where A's owner was a partnership and the majority of principals of A's owner did not become principals of the owner of another legal practice as a result of the transition) - one or</p>

	<p>more of the <i>principals</i> of A's owner have become <i>principals</i> of B's owner and:</p> <p>(I) 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> <p>(II) B is carried on from the same premises as A; and/or</p> <p>(III) the owner of B acquired the goodwill and/or <i>assets</i> of A; and/or</p> <p>(IV) the owner of B assumed the liabilities of A; and/or</p> <p>(V) the majority of staff employed by A's owner became <i>employees</i> of B's owner.</p> <p>(iii) Notwithstanding the foregoing, B is not a successor practice to A under paragraph (ii) (B), (C), (D), (E) or (F) if another <i>practice</i> is or was held out by the owner of that other <i>practice</i> as the successor of A or as incorporating A, provided that there is insurance complying with the <i>MTC</i> in relation to that other <i>practice</i></p>
<i>sum insured</i>	means the <i>insurer's</i> limit of liability under a <i>policy</i> in respect of any one <i>claim</i> (exclusive of <i>defence costs</i>)
<i>supplementary run-off cover</i>	means run-off cover provided by the Solicitors Indemnity Fund following the expiry of run-off cover provided to an <i>authorised body</i> in accordance with the SRA Indemnity Insurance Rules or otherwise under a <i>policy</i> (but subject to compliance with the <i>MTC</i>)
<i>turnover</i>	<p>in the SRA Compensation Fund Rules and the <i>MTC</i> means the amounts derived from the provision of goods and services in the most recent financial year, after deduction of:</p> <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 were consulted on as part of the Looking to the Future: phase two of our Handbook reforms consultation (see link below) and are set out below for reference only:

<http://www.sra.org.uk/sra/consultations/ltf-phase-two-handbook-reform.page#download>

Glossary terms	Definition
AJA	means the Administration of Justice Act 1985
approved regulator	means any body listed as an approved regulator in paragraph 1 of Schedule 4 to the LSA or designated as an approved regulator by an order under paragraph 17 of that Schedule
asset	includes money, documents, wills, deeds, instruments and other property
authorised body	means: <ul style="list-style-type: none"> (i) a body that has been authorised by the SRA to practise as a licensed body or a recognised body; or (ii) a sole practitioner's practice that has been authorised by the SRA as a recognised sole practice
authorised non-SRA firm	means a firm which is authorised to carry on legal activities as defined in s12 LSA by an approved regulator other than the SRA
building society	means a building society within the meaning of the Building Societies Act 1986
client	means the person for whom you act and, where the context permits, includes prospective and former clients in the SRA Financial Services (Scope) Rules, in relation to any regulated activities carried on by an authorised body for a trust or the estate of a deceased person (including a controlled trust), means the trustees or personal representatives in their capacity as such and not any person who is a beneficiary under the trust or interested in the estate
Companies Acts	means the Companies Act 1985 and the Companies Act 2006
company	means a company incorporated in a state to which the Establishment of Lawyers Directive 98/5/EC applies and registered under the Companies Acts or a societas Europaea
director	means a director of a company ; and in relation to a societas Europaea includes: <ul style="list-style-type: none"> (i) in a two-tier system, a member of the management organ and a member of the supervisory organ; and (ii) in a one-tier system, a member of the administrative organ
legal ombudsman	means the scheme administered by the Office for Legal Complaints under Part 6 of the LSA
licensed body	means a body licensed by the SRA under section 71(2) of the LSA in accordance with the SRA Authorisation of Firms Rules

LLP	means a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000
LSA	means the Legal Services Act 2007
MDP	means a licensed body which is a multi-disciplinary practice providing a range of different services, only some of which are regulated by the SRA
member	means: (A) in relation to a company , a person who has agreed to be a member of the company and whose name is entered in the company's register of members; and (B) in relation to an LLP , a member of that LLP
partnership	means a body that is not a body corporate in which persons are, or are held out as, partners and partner is to be construed accordingly
person	includes a body of persons (corporate or unincorporated)
qualifying insurance	means a policy that provides professional indemnity insurance cover in accordance with the MTC but only to the extent required by the MTC
recognised body	means a body recognised by the SRA under section 9 of the AJA
recognised sole practice	means the practice of a sole solicitor or REL which is recognised by the SRA under section 9 of the AJA
regulated activities	means: (i) subject to sub-paragraph (ii) below: (A) any reserved legal activity ; (B) any non-reserved legal activity except, in relation to an MDP , any such activity that is excluded on the terms of the licence; (C) any other activity in respect of which a licensed body is regulated pursuant to Part 5 of the LSA ; and (ii) in the SRA Financial Services (Scope) Rules, an activity which is specified in the Regulated Activities Order
REL	means a European lawyer registered in the register of European lawyers
RFL	means a foreign lawyer registered in the register of foreign lawyers

<i>reserved legal activity</i>	has the meaning given in section 12 of the LSA and includes the exercise of a right of audience, the conduct of litigation, reserved instrument activities, probate activities, notarial activities and the administration of oaths, as defined in Schedule 2 to the LSA
SA	means the Solicitors Act 1974
<i>societas Europea</i>	means a European public limited company within the meaning of Article 1 of Council Regulation 2157/2001/EC
<i>sole practitioner</i>	means a <i>solicitor</i> or a REL who is the sole principal in a practice (other than an incorporated practice)
SRA	means the Solicitors Regulation Authority
<i>Tribunal</i>	means the Solicitors Disciplinary Tribunal which is an independent statutory tribunal constituted under section 46 of the SA