

# **Closing your Practice**

*Guidance on Run-Off Cover under  
the Master Policy*



**Law Society  
of Scotland**

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## A guide to Run-Off Cover under the Master Policy

### Introduction

When a Practice ceases, and there is no 'Successor Practice' to take ongoing responsibility for any claims that may arise from historic work of the ceasing Practice, that firm will 'go into Run-Off'. This means that a Run-Off cover will be provided to protect the Principals in the ceased firm, and the public, against the costs of claims while the Master Policy subsists.

### Implications of Run-Off Cover

The Master Policy continues to provide cover in respect of:

- claims already intimated at the date of the change
- claims which are intimated after the closure of the Practice arising out of work done/advice given or dishonest, fraudulent, criminal or malicious acts or omissions or other matters (insofar as covered under the Master Policy) occurring prior to the date of the change

### Run-Off Cover Terms & Conditions

The Master Policy provides cover on the following terms and conditions:

- The Limit of Indemnity applicable is the mandatory limit of indemnity under the Master Policy *at the time the claim is made*. It is not necessarily the same as the limit of indemnity specified in the Run Off Certificate
- The Self-Insured Amount and other terms and conditions are as specified in the last-issued Schedule of Insurance

**Please be aware** that the Master Policy Run-off cover may not provide sufficient cover in the event that you undertake high value work that requires a higher limit of indemnity. We can arrange separate top-up cover for your Run-Off policy, on an annual basis.

### Premium Charges

There may be a charge for the continuing protection of Run Off cover under the Master Policy. It is a once and for all charge which is normally charged in two "instalments", one at 1<sup>st</sup> November following cessation and one at the following 1<sup>st</sup> November.

Currently, a charge is incurred if

- the Practice has sums paid or reserved on its 5 year claims (and circumstances) record
- if the ceased practice has a less than five years' practice history (when a sliding scale will apply, based on the number of years' history).

There is no entitlement to any pro-rata refund of Master Policy premium in respect of the Insurance Year (1 November to 31 October) in which the Practice ceases.



#### **Important Note:**

These notes are for general guidance purposes only and do not constitute legal advice. Please contact the Master Policy team to discuss your requirements in more detail.

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