



The Law Society

11 February 2013

Dear [Partner]

Lemma Europe (in liquidation) – information for run-off policyholders

I am writing to you because, according to the Law Society's records, you are a former principal of [firm name] ('your firm'), a firm that ceased practice between 2009-2011. Your firm is identified as having a policy of professional indemnity insurance (PII) with Lemma Europe Insurance Company (Lemma Europe) at the time of cessation. Your firm may have placed this insurance (which may include Run-off cover) through wholesale insurance brokers called Indemnity Risk Solutions LLP and/or Monitor Insurance Services Ltd.

Unfortunately, Lemma Europe has been placed into liquidation. As at 24 January 2013, the liquidator has disclaimed all of the insurance contracts under which Lemma Europe was or might be liable. This means that, as of that date, your firm will be uninsured and, depending on your firm's structure, you may be personally liable to meet any PII claims made relating to work performed in connection with your firm's legal practice.

Run-off insurance provides cover for PII claims, which can still be made after a firm ceases practice. The Solicitors Regulation Authority (SRA) requires all insurers to provide six years of run-off cover for any firm that closes as part of its standard solicitors' PII policy. For further information about run-off cover, see: <http://www.lawsociety.org.uk/advice/articles/run-off-cover/>

There is no regulatory requirement imposed by the SRA that your firm purchase an additional run-off policy in the event that an original policy is cancelled due to insurer insolvency. However, given the severe personal consequences that uninsured loss may have (see: <http://www.lawsociety.org.uk/advice/documents/pii-insurer-insolvency-guide/>), it would obviously be appropriate for you to consider your potential exposure to claims and contact a specialist PII broker to ascertain if there is cover available for your firm, see: <http://www.lawsociety.org.uk/advice/documents/pii-buyers--guide/>.

You may be eligible for a return of any premium that you have paid for the unexpired portion of the run-off policy. If your firm meets the criteria of a small business, you may also be eligible for compensation from the Financial Services Compensation Scheme (FSCS): <http://www.fscs.org.uk/what-we-cover/questions-and-answers/qas-about-lemma-europe-in-gx2i2c21u/>

The liquidator has stated that it will write to all policyholders of which it is aware. However, the Society is concerned that the records of Lemma Europe may not accurately capture all solicitors' firms with run-off policies. As such, if you have not already been contacted, we recommend that you write to the liquidator to confirm the existence of your firm's run-off policy.

The liquidator's contact details are:

Frederick David John White
Grant Thornton (Gibraltar) Limited
6A Queensway
PO Box 64

Gibraltar

Tel: +350 200 45502

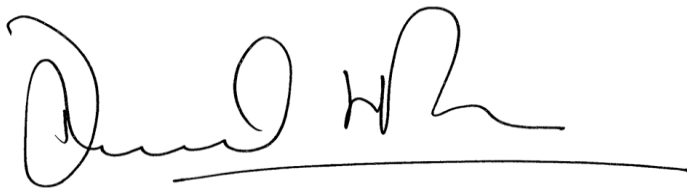
Fax: +350 200 51071

Further information available about Lemma Europe is available on the Law Society's webpage:
<http://www.lawsociety.org.uk/representation/articles/firms-claims-outstanding-lemma/>
<http://www.lawsociety.org.uk/advice/articles/pii-lemma-run-off-policies/>
<http://www.lawsociety.org.uk/advice/regulation/pii/>

For further assistance, please contact the Law Society's Practice Advice Service on 0870 606 2522 or email practiceadvice@lawsociety.org.uk

I am sorry to send information which cannot be welcome but trust that you will find this information helpful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Desmond Hudson', followed by a horizontal line.

Desmond Hudson
Chief Executive