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**Paper for the House Committee on 5 October 2001**

**Report of the Panel on Administration of Justice and Legal Services  
concerning the Solicitors (Professional Indemnity) (Amendment) Rules 2001**

At its meeting on 18 September 2001, the Panel discussed the Solicitors (Professional Indemnity) (Amendment) Rules 2001 which propose to increase the contributions to the Solicitors Indemnity Fund with effect from 1 October 2001. The level of increase for the 2001 contribution is about 130%

2. The Panel noted the Law Society's explanations for the proposed increase in contributions and the representations made by a number of law firms. There was widespread concern among some small to medium sized law firms about the hefty increase in contributions. Some law firms were dissatisfied with the present arrangement whereby all solicitors firms paid their contributions under a prescribed formula, irrespective of their claims records and the degree of risks associated with their businesses. They suggested that an immediate and independent review of the existing scheme should be conducted.

3. The Panel agreed to recommend to the House Committee that a subcommittee should be set up to scrutinise the Amendment Rules. The Panel also agreed that the Law Society should be requested -

- (a) to provide information on how the proposed increase in contributions would affect law firms of different sizes and businesses and the provision of legal services;
- (b) to explore whether the amount of contribution paid by a firm under the existing scheme should take into account its claims records and nature of business; and
- (c) to explore whether the existing scheme should be replaced by alternative schemes.