

SIF consultation - draft Regulatory Impact Assessment

Introduction

The SRA is consulting on options for any future regulatory arrangements for firms we regulate to have access to 'post six-year run off cover' (PSYROC), to meet claims from past clients of firms which have been closed for more than six years and have no successor practice. This draft Regulatory Impact Assessment sets out our initial analysis of the impact of the options, and we are inviting feedback on it as part of the consultation. We are also publishing a draft Equality Impact Assessment as part of our consultation.

Our current preferred option, based on our initial analysis and subject to consultation, is that we do not continue the provision of ongoing PSYROC, either through the Solicitors Indemnity Fund (SIF) or another vehicle. This is because we think a regulatory arrangement for ongoing PSYROC would be disproportionate and incompatible with our regulatory objectives, given the very limited consumer protection that PSYROC provides and the costs that an ongoing arrangement would involve.

If we adopt this approach, the provision of PSYROC through the SIF will come to an end for new claims after 30 September 2022 as currently provided for in the SRA Indemnity Rules.

This draft Impact Assessment sets out our current view of the likely regulatory impact of our preferred consultation option and of two comparator options discussed in our consultation paper –

- a new regulatory arrangement for ongoing PSYROC through another vehicle in respect of all firms we regulate that close without a successor (comparator option 1)
- a new regulatory arrangement for partial ongoing PSYROC – there are several possible forms this could take, but this Impact Assessment considers a PSYROC arrangement that only covers the legal services that carry most risk of claims for negligence more than six years after a firm's closure, such as conveyancing, wills, trusts and probate work (comparator option 2).

The Impact Assessment discusses how any continuing PSYROC provision under these comparator options could be funded, and the impact of any new funding requirements.

Assessing the impact of the options for change – which will affect only a small sub-set of the consumers of legal services and the firms we regulate – is not straightforward, and in some cases the data we have found to inform our Impact Assessments is of limited help. As part of the current consultation we are asking stakeholders to provide evidence and feedback to inform our assessment. The responses we receive will inform the final Regulatory Impact Assessment and our Board's decision on the way forward.

Summary of impacts

Section 1: Impact on all consumers of legal services

Our preferred option of discontinuing PSYROC would not impose any future costs relating to PSYROC. It would therefore avoid any ultimate related increase in the cost of legal services to consumers, and any related impact on access to justice.

A new regulatory arrangement for ongoing PSYROC for all firms that close without a successor would impose future costs estimated up to £2.4m a year. These costs may ultimately be passed on to consumers of legal services in the form of higher fees. If ongoing PSYROC is limited to particular areas of legal work, consumers or legal firms, the cost to the firms involved is likely to be materially higher than the costs of a general requirement funded by all firms, and again these costs may be passed to consumers. This has the potential to reduce access to justice if some consumers are less able to afford to use the affected services.

Section 2: Impact on consumers with a potential claim

The current PSYROC arrangement through the SIF is relatively narrow in scope and covers a very small number of claims each year, mainly in relation to conveyancing, wills, trusts and probate work. Other SIF claims relate to personal injury, litigation, commercial work and possibly to other types of work including criminal law, immigration, bankruptcy and insolvency, and mental health. In the absence of PSYROC consumers with a potential claim would have to find other routes to redress, such as professional negligence litigation against the former staff of the firm.

Our preferred option of discontinuing PSYROC would mean that at least some consumers who may otherwise have been able to establish a claim to SIF would in future be unable to obtain any redress. The resulting level of consumer protection would be broadly similar to the requirements of other legal regulators in England and Wales, and higher than the requirements of non-legal and non-healthcare regulators.

The option of limited PSYROC would mean that a smaller number of consumers would be unable to obtain redress than under our preferred option. The option of ongoing PSYROC for all firms that close without a successor would maintain the current level of consumer protection.

Section 3: Impact on solicitors and SRA-authorized legal firms

Any regulatory arrangement for ongoing PSYROC will have some negative financial impact on the legal firms that fund it, whether directly if they choose to absorb the costs of funding the cover, or indirectly if increasing the cost of legal services deters some consumers from accessing those services. If PSYROC covers all firms, those firms that do not offer the types of legal services that give rise to PSYROC claims would effectively subsidise those that do.

PSYROC provides 'sleep easy' reassurance for solicitors who have worked in a firm which has closed with no successor. Our preferred option would remove this reassurance, while any ongoing PSYROC arrangements would retain it for the services covered by the new arrangements. Making no future regulatory arrangement for PSYROC would place solicitors in a similar position to other regulated professionals in England and Wales, including other

legal professionals. As mitigation, alternative forms of reassurance for solicitors may include other forms of protection, or (where a firm has not yet closed) finding a successor business or adopting a legal structure that limits liability. It would also be open to the Law Society as the representative body to consider other steps that could provide reassurance by assisting solicitors who face a successful claim, as professional bodies do in some other sectors and jurisdictions.

The number of solicitors who would face a claim for negligence if PSYROC is removed is very small in the overall context of the profession, but any claim will have a significant impact on the individual in terms of costs and stress. Where the claim is successful, the individual will face potentially significant financial loss. Analysis of PSYROC claims made to SIF indicates that there are likely to be an average of 31 claims notified each year on a “normalised” basis, that will result in a payment (including where the payment is only for defence costs) on a normalised basis. Looking over a ten year period from 2023 the average claim cost is forecast to be £34,600 but the value of individual SIF claims can be much higher.

Section 4: Impact on the wider public interest

Some stakeholders have suggested the removal of PSYROC could affect the number of solicitors carrying out certain types of work, such as conveyancing, wills, trusts and probate, and could even affect the number of people entering the profession. In principle there is a risk that this could cause detriment to consumers. However, professionals authorised by other legal regulators already practise without PSYROC protection in the areas of law that give rise to most PSYROC claims. We have concluded that in all the circumstances there is no evidence suggesting a significant risk that changes to PSYROC arrangements for solicitors would affect consumers’ ability to access legal services in the relevant fields, or that it would affect the willingness of individuals to enter the profession.

Section 1: Impact on all consumers of legal services

The PSYROC provided by SIF is currently funded by historic contributions from legal services providers, but this is not considered to be sustainable. Any future PSYROC arrangement under comparator option 1 or 2 would therefore need additional funding.

Analysis of SIF claims activity by Willis Towers Watson (WTW) indicates that the ongoing annual cost of comparator **option 1**, a regulatory arrangement for indefinite PSYROC for all firms with the same scope as the current SIF cover, would be up to £2.4m including administration and claims handling costs, which can be significant for claims of this kind.

If this cost were funded by a levy on all practitioners or firms, WTW estimate that the annual cost on a flat fee would be around £16 per practitioner per year or around £240 for a firm. On a per solicitor charging model, the largest SRA-authorized firms would pay annual levies of around £20,500 unless levies are capped in some way.

However, over time many of these costs may ultimately be passed on to consumers of legal services in the form of higher fees for legal services. We must therefore ensure that the regulatory requirements and provisions we impose are proportionate and do not create unjustified additional costs to users of legal services. Such costs have the potential to reduce access to justice if some consumers are less able to afford to use the affected services.

Comparator **option 2** – some form of partial PSYROC limited to particular areas of legal work, consumers, or legal firms – could be funded by a levy on all SRA-regulated practitioners and/or firms, or a levy only on those who carry out the types of work covered by the PSYROC, such as conveyancing (see section 2 below).

If limited PSYROC is funded by a sub-section of practitioners or firms, then the cost to those providers is likely to be materially higher than the cost of option 1, because a smaller base of participants will be contributing to a fund that is intended to cover a substantial proportion of the claims currently covered by the SIF. This may in turn result ultimately in a more significant increase in the cost of the affected types of legal services, and a greater impact on access to justice for users of those services, than under comparator option 1.

Our preferred option would not impose any future costs relating to PSYROC. It would therefore avoid any ultimate related increase in the cost of legal services to consumers, and any related impact on access to justice.

Section 2: Impact on consumers with a potential claim

Which consumers will be affected?

All consumers of legal services provided by SRA-authorized firms benefit from our minimum requirements and provisions for consumer protection, including requirements to put indemnity insurance cover in place and give consumers information about protection. These are summarised in the supporting papers for this consultation, along with research evidence about how consumers use and value the requirements and provisions.

In comparison the PSYROC currently provided by SIF is relatively narrow in scope and covers a very small number of claims each year. It only provides compensation to consumers of legal services in circumstances where both of the following conditions apply:

- they have suffered loss due to negligence or other failings in a provider's legal services
- the provider closed more than six years ago, without a successor firm taking over responsibility for its past work.

In certain circumstances the insurance may exclude loss caused by certain fundamental ethical failures, such as dishonesty and fraud, by a person or firm we regulate. Claims in respect of such losses may fall within the remit of our Compensation Fund, which will continue in its current form whatever the outcome of the current consultation.

WTW forecasts that the average number of PSYROC claims likely to be notified each year from 2023 onwards will peak at 45 in 2023 and eventually level off to a consistent norm of 31 from 2029. The claim notification counts exclude nil claims where there will not be any payments. It should be noted that under the current PSYROC arrangements, around 50% of the claims made to SIF do not result in a payment. This is often because there is a lack of evidence to prove a valid claim long after the events complained of and the closure of the firm, or the exhaustion of limitation periods. The value of claims incorporates both costs related to defending a claim and money that is paid to third parties as settlements. WTW analysis shows that historically consumer redress payments make up approximately 58% of total costs¹.

Looking over a ten year period from 2023, WTW estimate the average value of a successful claim as around £34,600². However, some individual claims will have a considerably higher value. The value of SIF claims paid between 2001 and 2016 is set out in WTW's report ('number of claims by claim amount'). Of the 282 claims paid, 230 cost less than £44,000 but two cost over £400,000.

The average costs of notified claims vary by year in part due to inflation and the historical exposures from prior ceased practices from 2001 onwards. The underlying assumption used by WTW is inflation at 3% per annum. This means looking over a 20 year period from 2023 the average claim cost is forecast to be £39,000 and looking over a 30 year period from 2023, £45,300. This also means that the overall level of exposure increases over time.

What types of legal work are most likely to be affected?

¹ The remaining 42% is made up of defence costs paid from the SIF and also the SIF's administration and claims handling costs.

² This figure includes defence costs and settlement payments.

WTW analysis of the number and value of PSYROC claims paid by SIF shows that valid claims have historically been largely concentrated in a few areas of legal work including conveyancing and wills, trusts and probate, which together account for 85% of the value of all claims related to claims since 2000, when the SIF went into run-off. This reflects the 'long tail' risks involved in these types of work, where negligence or other problems may only come to light long after the original transaction – for instance when a property is re-sold, or a deceased person's estate is distributed.

Personal injury, litigation and commercial work account for the remainder of SIF PSYROC claims, along with a significant 'other' category. We do not have further information about the areas of legal work that gave rise to claims in this 'other' category because of limitations in historic SIF data. However, WTW analysis of the areas in which firms involved in SIF claims practised indicates that some of these claims may have been related to work in criminal law, immigration, bankruptcy and insolvency, and mental health. Although these areas of work only generate a relatively small proportion of SIF claims, problems in relation to such work may of course have a significant impact on the consumers involved.

Which consumers use the legal services most affected?

Analysis of the demographics and experience of consumers who use relevant legal services, including residential property services such as conveyancing, and probate and estate administration, indicates that:

- the prevalence of legal problems relating to property, construction and planning decreases with age, from 39% among people aged 18-29 to 16% of those aged 65 or more
- people with higher education levels are more likely to experience property, construction and planning and conveyancing/residential problems
- adults aged 65 or more are most likely to have legal issues related to wills, trusts and probate, with 33% reporting this compared with 8% of those aged 18-29 over the last four years.

We discuss the potential equalities impact of changes to PSYROC in relation to consumers in the Equality Impact Assessment for this consultation.

What alternatives will these consumers have if PSYROC is withdrawn?

Comparator option 1 would mean no change in the current position; consumers who have used legal services provided by an SRA-authorized firm which has been closed for more than six years and has no successor business would still be able to bring claims for negligence under PSYROC.

Both comparator option 2 and our preferred option would mean that at least some of the very small number of consumers who would otherwise have been able to claim under PSYROC would have to find another route to redress, such as professional negligence litigation against the former staff of the firm. The overall impact on consumers in terms of lost redress would be greater under our preferred option than under comparator option 2, since our preferred option would make no arrangement at all for alternative PSYROC.

A professional negligence claim is usually a claim for losses arising from a breach of the duty of care. The courts may award damages to compensate the claimant for the loss suffered, by putting them into the position they would have been in if the solicitor had not acted negligently. To successfully bring a professional negligence claim against a solicitor,

the claimant will need to show that they have suffered more than just bad service. The solicitor must have done something (or failed to do something) that caused the claimant a loss. The standard of care to which the courts hold solicitors is the standard of a reasonable solicitor acting in the same circumstances. Establishing a claim in this way is more complex and less accessible than claiming against PSYROC.

As with all professional negligence claims – including PSYROC claims currently made to SIF – the claimant has six years from the date of the negligence to make a claim. If they find out about the negligence at a later stage, they will have three years from the date on which they found out about the negligence, or the end of the six-year period which runs from the date of the negligence – whichever is later.

Except in some rare cases, there is a ‘long stop’ limit of 15 years from the date of the negligence after which a claim cannot be made. The exceptions include deliberate concealment, dishonesty, claims involving Mental Health Act patients, claims involving minors, and certain aspects of wills, trusts and probate matters where the commencement of time for determining limitation may be different.

Bringing a professional negligence claim to court is likely to require legal assistance. This carries costs and may deter some prospective claimants from using this route to redress, although there are professionals that specialise in making claims against solicitors under ‘no win, no fee’ arrangements. Such arrangements can help consumers to bring a claim, but may reduce the value of any resulting redress below what they could obtain under comparator option 1.

Overall both comparator option 2 and our preferred option would mean that at least some of the very small number of consumers who may otherwise have been able to establish a claim to the SIF would in future be unable to obtain any redress. As noted above, our preferred option would have a greater impact than comparator option 2 in terms of consumer access to redress. It is our job to balance our various objectives to create a regulatory system that delivers the best possible outcomes in the public interest, and an appropriate level of consumer protection, however this does not guarantee no risk for consumers.

Consumer protection for other legal and professional services in England and Wales

The table below summarises the current regulatory requirements relating to liability for negligence after the closure of a firm, for a range of regulated professions in England and Wales, and the other sources of redress that may be available to consumers where a problem arises.

Professional role	Regulator	Minimum requirement for post-closure run-off cover	Additional run-off cover available?	Other client protection
Solicitor in authorised firm	SRA	Six years	Under SIF for claims made until 30 Sept 2022	SRA compensation fund (discretionary) for claims relating to ethical failures, including failure to follow insurance rules
Licensed conveyancer	CLC	Six years	No	CLC compensation fund (discretionary) for claims relating to ethical failures and negligence

Professional role	Regulator	Minimum requirement for post-closure run-off cover	Additional run-off cover available?	Other client protection
Chartered legal executive	CILEx Regulation	Six years	No	CILEx compensation fund (discretionary) for claims relating to ethical failures, including failure to follow insurance rules
Barrister	BSB	Six years	No	n/a (do not handle client money)
Chartered surveyor	RICS	Six years (for consumers only)	No	Client money protection scheme for money held by firms undertaking surveys (capped at £50k per claim)
Chartered accountant	ICAEW	Two years required, 'best endeavours' to arrange six years	No	Probate compensation scheme for fraud, dishonesty and failure to account for client money (cap £500k) Investment compensation scheme for loss caused by investment advice where firm is insolvent (cap £50k)
Independent financial adviser	FCA	Adequate	No	Financial Services Compensation Scheme for claims that an authorised firm is unable to pay, including negligence (cap £85k for most claims)
Medical doctor	GMC	Adequate and appropriate	Indefinite via member indemnity schemes (required by some employers)	No regulatory scheme – NHS Resolution provides settlements for some NHS patients
Dentist	GDC	Adequate and appropriate	Indefinite via member indemnity schemes	No regulatory scheme – NHS Resolution provides settlements for some NHS patients

The table shows that solicitors working in SRA-authorized firms are currently outliers in the UK professional landscape in this respect, in comparison both with other regulated legal professionals and with non-legal professionals, except to some extent in the healthcare professions where higher specific requirements can be set by terms of employment rather than regulation. The CLC administers a discretionary compensation fund on behalf of the profession which does provide cover for negligence claims, but the fund's [policy statement](#) notes that the great majority of claims arise from misuse of client monies.

This indicates that if we implement our preferred option and do not adopt a regulatory requirement for PSYROC, the resulting level of consumer protection would broadly be similar to the requirements of other legal regulators, and higher than the requirements of non-legal and non-healthcare regulators.

Consumer protection in other jurisdictions

Analysis of key consumer protection arrangements for clients of legal services in other jurisdictions (Scotland, Ireland, New Zealand, and parts of Australia and Canada) demonstrates a wide variety of approaches, from indefinite run-off cover as long as an existing scheme/policy remains in place (Ireland, British Columbia) to a regime with no regulatory requirement at all for PII but a requirement for legal practices to disclose their PII cover levels to clients, including where no cover is held (New Zealand). Compensation arrangements for claims after the expiry of run off cover are often set up by professional bodies rather than regulators and provide cover for ethical failures rather than negligence.

Section 3: Impact on solicitors and legal firms

General impact - costs

Section 1 of this impact assessment discusses the need for additional funding if we were to impose a general or limited regulatory requirement for PSYROC. We expect that over time many of these costs may ultimately be passed on to consumers of legal services, as may the costs of the consumer protection requirements that we already impose. The speed and scale with which this is passed on will depend partly on the capitalisation and financial position of each firm.

However, we believe that any regulatory arrangement for ongoing PSYROC will still have some negative financial impact on the legal firms that fund it, whether directly if they choose to absorb the additional costs of PSYROC funding, or indirectly if increasing the cost of legal services deters some consumers from accessing those services. A requirement for all firms to be covered by PSYROC (comparator option 1) would also mean firms that do not offer the types of legal services that give rise to PSYROC claims would effectively be required to subsidise those that do. These impacts must be weighed against the very limited number of solicitors and their former clients who would benefit directly from a regulatory arrangement that provides for PSYROC.

General impact - uncertainty

In the absence of PSYROC, individuals who have provided legal services in an SRA-authorized law firm that has closed with no successor would face the possibility of personal liability for past negligence long after the firm closes, for instance in retirement. At worst, they could risk losing their savings or their home. This is why PSYROC is often described as providing an important 'sleep easy' reassurance for solicitors, and particularly sole practitioners and those who have worked in, or plan to work in, smaller firms which are more likely to close at some point with no successor.

Our preferred option would have the effect of removing this 'sleep easy' reassurance, while comparator option 1 would retain it entirely and option 2 would retain it for those services which are covered by new arrangements. We realise that the Law Society and many solicitors will have concerns about our preferred option for this reason.

However, our role as the regulator is to fulfil our regulatory objectives, and to impose regulatory requirements only where they are a proportionate way of achieving those objectives. We recognise the importance of 'sleep easy' reassurance for solicitors. We consider that this is a more appropriate matter for the representative body, which may wish to consider whether there are any steps it should take to support its members. It is for us to decide whether there is a regulatory rationale for ongoing provision of PSYROC in light of the consumer protection it brings.

Mitigation – other forms of protection

Our preferred option will place those providing legal services in SRA-authorized firms in a similar position to other regulated professionals in England and Wales, including legal professionals, as discussed in section 2 of this assessment. The profession, supported by their professional body, may explore other steps to mitigate its exposure to risk. We remain on hand to assist the Law Society in considering its options. We are open to discussing how

we might be able to support the Law Society in delivering any option, where this aligns with our regulatory objectives and is focussed on consumer protection.

We recognise that any change could lead some solicitors to seek their own PSYROC insurance cover where available, to take out alternative forms of personal insurance such as asset protection cover, or to contribute to a mutual scheme or hardship fund that could help solicitors deal facing claims that arise more than six years after the closure of a firm. Such measures would generate (potentially substantial) additional costs for those who take them, and solicitors who are still practising may seek to pass some or all of those costs on to their clients.

In principle we consider this is likely to be a reasonable outcome in a competitive legal services market, because some consumers may be willing to pay higher fees in return for a higher level of protection than the regulatory minimum. Solicitors who do not take such steps would be able to compete on price accordingly, along with licensed conveyancers, probate practitioners and other legal professionals not regulated by us.

Mitigation – successor businesses

Solicitors who are closing a firm, for instance in order to retire, can also seek to manage the risk of claims after the six-year run-off period by finding a successor business to accept responsibility for past work. However, we recognise that this can be challenging. We are considering whether it would be proportionate for us to provide additional support to help them understand their options when they close and how to attract a successor practice. This may include reviewing our Successor Practice Rules to make sure they do not present any unnecessary barriers. Where a closing firm can find a successor business to take responsibility for past work, that may help to protect both the solicitors who have worked at the firm and their former clients.

Mitigation – legal structures

Solicitors are now able to incorporate their practice as a private limited company (PLC) or Limited Liability Partnership (LLP). This limited liability means that consumers will bring claims against the incorporated practice, rather than against individual solicitors. This reduces the personal liability of individual practitioners, except in some circumstances such as work done on a personal basis as a trustee, or wrongful trading in the context of insolvency. Where a law firm closes and is dissolved at Companies House, claimants can no longer seek redress against the firm unless there is some form of insurance run-off cover or the entity can successfully be restored by court order, at all times subject to the relevant limitation period. Adopting limited liability for a firm may help to protect the solicitors who have worked at that firm in the event of it closing, but will not protect their former clients.

Impact on individuals – litigation

Any claim for personal liability for negligence will have a significant impact on the professional involved in terms of the costs and stress involved in responding to the claim. Where the claim is successful, the individual will also face potentially significant financial loss.

The number of solicitors who would face the prospect of a claim for negligence if PSYROC is removed in these circumstances is very small in the overall context of the profession. An individual will only be affected if they have practised in a firm which closed more than six

years ago with no successor business, in an area of law which has a risk of 'long tail' liability for negligence, and have not taken successful steps to mitigate the risk as outlined above.

Most claims relate to sole practitioners and small firms, with only 10% relating to firms with six or more partners.

WTW analysis of PSYROC claims made to SIF indicates that in the absence of successful mitigation of the risk of claims, the solicitors' profession could expect to receive on average around 31 claims each year where under SIF some payment would be made in relation to defence costs and/or a settlement.

As noted in section 2, looking over a ten year period from 2023 WTW estimate the average value of a successful claim as around £34,600. However, some individual claims will have a considerably higher value. The value of SIF claims paid between 2001 and 2016 is set out in WTW's report ('number of claims by claim amount', page 73). Of the 282 claims paid, 230 cost less than £44,000 but two cost over £400,000.

Section 4: Impact on the wider public interest

During pre-consultation discussion, some stakeholders raised concerns that the prospect of removing PSYROC could dissuade solicitors from carrying out certain types of work, potentially creating 'legal advice deserts' in some areas, and could even affect the total number of people entering the profession. Such developments would have the potential to affect the ability of consumers to access legal advice and justice, contrary to our regulatory objectives.

As discussed in section 2 of this assessment, the legal activities that have given rise to most PSYROC claims to SIF are conveyancing and wills, trusts and probate, with personal injury, litigation and commercial work also generating some claims, and a further category of 'other' claims which may include work in criminal law, immigration, bankruptcy and insolvency, and mental health. The [Law Society's mapping of legal advice deserts](#) has focused on the availability of advice on community care, education, welfare, immigration and asylum, and housing, where funding is provided by legal aid. There is relatively little correlation between these topics and the areas of legal work that give rise to PSYROC claims.

We are not aware of any current concerns about access to legal advice in areas such as conveyancing, wills, trusts and probate, although at times estate agents and law firms have said a shortage of conveyancers has slowed down property sales in some areas.

In principle there is a risk that greater personal exposure to the risk of claims for work in areas of law that have 'long tail' risks may affect solicitors' willingness to work in those areas, and that this could cause detriment to consumers. However, regulated professionals other than solicitors already practise in conveyancing, wills, trusts and probate and other areas without the benefit of access to PSYROC via the SIF. We have met other regulators to discuss their run-off cover arrangements in the course of preparing this assessment, and we are not aware of any concerns that the absence of PSYROC for other professions has affected their willingness or ability to practise in these areas of the law.

We have concluded that in all the circumstances, including the availability of legal services from sources other than solicitors, there is no significant risk that changes to PSYROC arrangements for solicitors will affect consumers' ability to access legal services in the relevant fields.

Given stakeholders' suggestions that the absence of PSYROC could affect the overall number of entrants to the solicitor profession, we have considered whether there is evidence to support this concern. A [2018 Thompson Reuters survey of law students](#) found that student's key expectations from a career in law included a sense of personal achievement, meaningful and satisfying work, and good opportunities for career development (figure 13, page 12). We have not found any evidence that the risk of facing personal liability for negligence in some circumstances has a material impact on individuals' career choices.

We would not currently expect this to be a significant factor for people considering becoming a solicitor in any case, because of the existence (albeit time-limited) of PSYROC under the SIF, and we accept in principle that it may become more of an issue in future if PSYROC is not available. However, we have not seen any evidence that personal liability currently features in individuals' decisions on whether to join other professions which do not have the benefit of PSYROC, including other regulated legal professions. We have also observed that when legal firms in England and Wales seek to attract new entrant solicitors, for instance in the face of high salaries offered to newly qualified solicitors by some US firms, they seem to emphasise benefit packages and work-life balance, rather than protection against liability.

We have concluded that there is no evidence that there is a significant risk that changes to PSYROC will affect the willingness of individuals to enter the profession of solicitor.