

Amendments to the Bar Standards Board Handbook – Professional Indemnity Insurance Rules

For approval by the Legal Services Board

This application is made in accordance with the requirements set out in the Legal Services Board's Rules for Rule Change applications. The BSB wishes to provide the information below to support its application.

Any queries about this application should be made to:

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A. Proposed alteration

Summary

1. All self-employed barristers in England and Wales who hold a practising certificate issued by the Bar Council (acting by the BSB) are obliged to purchase their primary layer of professional indemnity insurance (PII) from a single provider, Bar Mutual Indemnity Fund Limited (BMIF), unless they have obtained a waiver from the Bar Standards Board (BSB). BMIF is a mutual insurance company owned by its members (the self-employed Bar) and its business is confined to the provision of PII to limits of up to £2.5m.
2. We now wish to make it compulsory for single-person BSB authorised bodies to obtain their primary level of professional indemnity insurance from BMIF.

Detail of changes

3. We wish to amend Rule C77 in the BSB Handbook (and its associated guidance and definition) in order to make it compulsory for single-person authorised bodies to obtain their primary layer of professional indemnity insurance (PII) from Bar Mutual Indemnity Fund (BMIF).
4. The term single-person authorised body (SPAB) is intended to cover those BSB authorised bodies which have one authorised individual providing legal services i.e. those authorised bodies whose activities are most likely to be similar to members of the self-employed Bar (who are already required to obtain this insurance from BMIF). The PII cover for self-employed barristers includes their pupils, therefore the scope of applicability we are proposing does so too.¹

¹ Note that sometimes the term 'single-person entity' is loosely used instead of SPAB, but this does not correctly cover our policy intention. This is because 'entities' includes Alternative Business Structures, which are not so similar to the self-employed Bar, and so are not covered by this proposed rule change.

5. The definition we propose is as follows:

A single-person authorised body is:

- (i) A *BSB authorised body*;
- (ii) With a sole *authorised individual* (with the exception of a *pupil* in their *practising period*);
- (iii) Who is also the sole *owner* and *manager*; and
- (iv) Who is the only *person* (with the exception of a *pupil* in their *practising period*) who regularly provides *legal services* on behalf of the *BSB authorised body*.²

6. The amendment to Rule C77 which we propose is as follows (the additional words are in bold and underlined):

rC77 Where you are acting as a *self-employed barrister* **or are a single-person authorised body**, you must be a member of *BMIF*, unless:

.1 you are a *pupil* who is covered by your *pupil supervisor's* insurance; or

.2 you were called to the *Bar* under Rule Q25, in which case you must either be insured with *BMIF* or be covered by insurance against claims for professional negligence arising out of the supply of your services in England and Wales in such amount and on such terms as are currently required by the *Bar Standards Board*, and have delivered to the *Bar Standards Board* a copy of the current insurance policy, or the current certificate of insurance, issued by the insurer.

7. For information, we propose to add a sentence to both Guidance C113 and C114 as follows (the additions are in bold and underlined):

gC113 Where you are working in a *BSB entity*, you will satisfy the requirements of Rule rC76.1 so long as the *BSB entity* has taken out insurance, which covers your activities. A *BSB entity* will have to confirm each year that it has reviewed the adequacy of its insurance cover on the basis of a risk analysis and that they have complied with this rule. **A BSB entity which is a single-person authorised body must also be a member of BMIF.**

gC114 Any notice issued under Rule rC76 will be posted on the *Bar Standards Board's* website and may also be publicised by such other means as the *Bar Standards Board* may judge appropriate. **Notices issued under Rule C76, which stipulate minimum terms of cover for self-employed barristers and BSB entities, are currently in force and available on the Bar Standards Board's website.**

The *Bar Standards Board's* requirements in respect of professional indemnity insurance, including the minimum terms, are concerned with ensuring consumer protection, specifically that there is adequate cover for liabilities which *BSB regulated persons* may incur to their *clients* or other parties to whom they may owe duties when performing their *legal services*. This includes claims for contribution which third parties, such as instructing *solicitors*, may make on the basis that the *BSB regulated person* has such a liability to a mutual *client*. However, Rule C76.1 of the *Handbook* does not require *BSB regulated persons* to carry insurance for other types of liability, which do not relate to their liabilities towards consumers, such as a contractual liability to instructing *solicitors* in respect of losses incurred by the *solicitor* that are not based on any liability the *solicitor* has in turn incurred to the

² Terms in italics are already defined in the BSB Handbook.

client. Nor are the minimum terms concerned with the latter type of liability and whether and on what terms to seek to insure against such exposure is a commercial judgment for *BSB regulated persons* to make. You should however ensure that you are aware of and comply with any general legal requirements for you to carry other types of insurance than professional indemnity cover.

8. We believe that there are currently two SPABs, out of approximately 80, which do not currently insure with BMIF. We have not required them to tell us why they have chosen to insure elsewhere, but we believe it likely that they have maintained the insurance arrangements they had before they became BSB entities. We propose to offer waivers from the new requirement to these two organisations: they will be required to obtain insurance which meets the BSB's minimum terms, as at present, but not required to obtain it from BMIF. We are proposing to offer waivers in order to 'grandfather' their existing right to choose and so as not to disrupt their existing arrangements unnecessarily.

B. Current regulatory arrangements

9. The BSB Handbook currently requires all those we regulate to have adequate insurance (Rule C76). This is in order to protect the public, in the event that they suffer a loss/require compensation which is greater than the personal assets of the barrister, or when the total losses/required compensation of a number of clients collectively exceed the assets of the barrister or other regulated person. We consider that this rule furthers the regulatory objective of "protecting and promoting the interests of consumers".
10. We accept that this rule may add a cost to those barristers who would otherwise not buy PII, and thus may have a slight negative impact on the two regulatory objectives of "promoting competition in the provision of services" and "encouraging an independent, strong, diverse, and effective legal profession". Nevertheless, we consider that in this case the consumer-protection objective should be given greater weight.
11. Self-employed barristers are further required to be members of BMIF (Rule C77)³.
12. BSB entities (authorised bodies and Alternative Business Structures) are not required to be members of BMIF, but are required to obtain cover which meets minimum terms set by the BSB (Rule C76.2).

Recent changes to the arrangements

13. The Legal Services Board's "Thematic review of restrictions on choice of insurer" (July 2016) discussed a number of aspects of the BSB's arrangements. These included:
 - a. The fact that BMIF, rather than the BSB, set the minimum terms for the self-employed Bar;
 - b. Representative body (Bar Council) involvement in the BSB's insurance arrangements;
 - c. BMIF's monopoly on insurance for the self-employed Bar⁴.
14. The BSB has taken action to address all three issues. The Board has approved minimum terms for the self-employed Bar (which we had already done for entities). These are attached at Annex C, and will be promulgated with the changes to the rules and guidance. BMIF will

³ With the exception of: pupils who are covered by the insurance of their pupil supervisor; and certain Registered European Lawyers who may obtain cover elsewhere as long as it meets terms specified by the BSB.

⁴ Note that part of this monopoly is that BMIF are *required* to insure self-employed barristers with a practising certificate.

ensure that its cover meets these requirements. The minimum terms will not contain references to the Bar Council. (In fact, by 2018 the previous references to the Bar Council were very limited: in the event of a dispute between BMIF and one of BMIF's members, the two parties were meant to agree on the appointment of an independent expert; if they could not agree on who to choose, the Chair of the Bar Council would choose the expert. These references have been removed from the BSB's minimum terms document).

15. In addition, the BSB and BMIF have agreed a new Memorandum of Understanding⁵ (attached at Annex B) under which significantly more information will be provided to the BSB in future.
16. The BSB has given detailed consideration to the third aspect – BMIF's position as sole compulsory provider of primary layer insurance for the self-employed Bar. This work was undertaken with advice from an expert Task Completion Group (TCG) which included external insurance experts as well as BSB Board members and staff.⁶
17. The BSB commissioned Oxera to assess the provision of PII to barristers. Oxera produced a detailed report.⁷ The BSB has also consulted on insurance three times: in June 2015, in June-July 2017, and in March 2019.
18. This is discussed in more detail below but, in summary, as a result of this detailed consideration, the Board of the BSB is satisfied that continuing BMIF's monopoly for primary layer insurance for the self-employed Bar (up to £2.5 million), and extending it to single-person authorised bodies (the present proposal) is justified and is, in the Board's opinion, the best way to fulfil the regulatory objectives in relation to professional indemnity insurance.

Consultation

19. We consulted on PII for single-person entities in June 2015 and there was general support for BMIF and the current insurance arrangements. We also surveyed entities on PII in 2017 but only a limited number of responses were received.
20. Given the passage of time, in March 2019 we wrote to all 79 SPABs asking for their views. The letter is attached at Annex A. One week before the deadline we wrote again to remind them. We received 6 responses:
 - The majority approved of BMIF and had no objection to the rule change.
 - One respondent was concerned that, should their business expand, they might wish to seek cover elsewhere and so did not wish to be constrained to using BMIF. However, if their business expands it will no longer be a single-person authorised body and so would not be covered by the proposed rule.
 - One respondent would be concerned if BMIF charged more than commercial providers. However, the Oxera report noted that BMIF's prices are likely to continue to be lower

⁵ See

https://www.barstandardsboard.org.uk/media/1987027/memorandum_of_understanding_between_the_bsb_and_bmif.pdf

⁶ Members of the TCG included BSB Vice Chair Naomi Ellenbogen QC, BSB Board members Andrew Mitchell QC and Nicola Sawford and members of our Advisory Pool of Experts: Andrew Fryer, James Harvey and Suzanne Rab. Biographical information is available on our website:

<https://www.barstandardsboard.org.uk/about-bar-standards-board/how-we-do-it/our-governance/our-board/board-member-biographies/>, <https://www.barstandardsboard.org.uk/about-bar-standards-board/how-we-do-it/our-governance/advisory-pool-of-experts/apex-biographies/>

⁷ "Assessment of the current regulations of the provision of PII to barristers", 14 October 2016; available at https://www.barstandardsboard.org.uk/media/1987729/oxera_report_on_pii_market_290419_pv.pdf

than would be available, sustainably and over the long-term (i.e. excluding loss-leading initial promotions), in a competitive market.⁸

Background on entities (authorised bodies and ABSs)

21. Single-person authorised bodies have a similar model for offering legal services to that of the self-employed Bar. The BSB does not directly ask applicants why they wish to create an authorised body. However, the business models they describe in their applications suggest three main reasons:
- (a) Future plans: many single person entities are set up with a view to expand once they become established;
 - (b) Ability to sell the business when the owner chooses to retire/leave the profession: when a sole practitioner leaves the profession, their practice also ceases to exist;
 - (c) Cost considerations: applicants hope that they will be able to operate more cost effectively.
22. These differences in business models have the potential to reduce prices and increase competition. For example, those applicants for authorisation who say that they are creating a SPAB to save costs say that they will pass on these savings to their clients and/or offer pro bono services in certain cases.
23. BSB holds information on areas of practice for the majority (63) of authorised bodies. This suggests the following areas of activity:
- Commercial (33%);
 - Civil (30%);
 - Criminal (27%);
 - Family (19%);
 - Employment (13%);
 - Personal injury (13%);
 - Property/landlord/tenant (11%);
 - Professional negligence (11%);
 - Immigration (8%).⁹
24. BMIF information on all entities (i.e. including ABSs) suggests that the areas from which entities derived the greatest proportion of their income in 2018 were (in order):
- Other Common Law;
 - Criminal;
 - Commercial and Financial Services;
 - Personal Injury;
 - Family – Other;

⁸ Oxera assumed as a counter-factual that, in the event of the compulsion to insure with it being removed, BMIF would compete with commercial insurers to provide cover to the self-employed Bar. BMIF have told us that in this event, rather than put its accumulated funds at risk by competing with commercial insurers, BMIF would cease accepting new business, be placed into run-off, and distribute its remaining funds to its members.

⁹ Total exceeds 100% because each body may be active in more than one practice area. Other practice areas were also declared: the list above covers the larger ones.

- Family – Children.

25. We do not have information on what proportion of this work is publicly-funded. But one might expect a significant proportion of publicly-funded work in Criminal, and some in Immigration and Family.
26. We have no definitive information on whether the number of authorised bodies will increase significantly in future. Anecdotally, we have been told by several applicants that they expect an increase, on the basis of discussions they have had with their colleagues. It seems that authorising a body for one barrister in a given chambers may lead to other barristers in that chambers submitting applications subsequently. Only a small number of bodies choose not to renew after they have been authorised (2 out of 104 at present), which is very low compared to the rate at which small businesses overall cease trading, especially given that it is very simple for a barrister to return to being self-employed.

C. Our rationale for the rule change

27. As single-person authorised bodies have a similar legal services model to that of the self-employed Bar it is logical to treat them consistently for insurance purposes.
28. More importantly, the proposed rule-change will facilitate the continued use of the entity model by the Bar, as follows. BMIF is concerned that, in agreeing to provide PII to all single-person authorised bodies in circumstances where BMIF has no obligation to do so, and in the event of one or more of these SPABs generating claims that have an impact on BMIF's reserves, the Board could be exposed to criticism – acting in breach of its fiduciary duties to BMIF's members.¹⁰ Therefore the Board considers on an annual basis whether BMIF should continue to offer PII to SPABs on the same basis as it offers it to self-employed barristers. There is therefore a risk that BMIF may conclude that it should no longer insure all SPABs.
29. If BMIF ceases to insure single-person authorised bodies, some of these entities would probably revert to being self-employed barristers. Others may seek to be authorised by the SRA. Some may seek and obtain insurance in the commercial market, although it is not clear how many insurance companies would offer such cover, partly because the relevant premiums can be so low. We tested the commercial insurance market in 2016 and a number of insurers expressed interest in principle, as long as their gross written premium could achieve critical mass. There was some indication that the smallest firms were not of interest and that the market might therefore be difficult for small entities.
30. In other words, without the proposed rule-change, if BMIF cease to offer insurance there is a significant risk that the number of entities regulated by the BSB would drop considerably, and therefore the BSB's model of entity regulation would not deliver the intended regulatory benefits in terms of facilitating increased innovation and its potential benefits to clients of the

¹⁰ The average percentage of notifications to BMIF by the self-employed Bar for the last 3 years is 5% of the total number insured annually. The average for entities (all entities, including ABSs) over the same period is 11%. This suggests that entities may represent a greater risk. But even if this was not the case, the issue for the Board of BMIF is that it will have exposed itself to the risk voluntarily rather than as a requirement of the BSB.

Bar.^{11,12,13} This could have negative implications for the regulatory objectives of “improving access to justice”, “promoting competition in the provision of services”, and “encouraging an independent, strong, diverse and effective legal profession”.

31. We propose a rule-change rather than a smaller intervention such as, say, a modification to guidance, because it is necessary for BMIF to be required to offer insurance in order to ensure that its Board of Directors can demonstrate that they are complying with their fiduciary duties.

Rationale for maintaining BMIF’s monopoly over the self-employed Bar

32. We are not requesting a rule change in this area and so do not propose to justify our existing approach in detail. Nevertheless, as background to the limited specific change that we are requesting, it may be useful for the LSB if we set out our rationale for maintaining the current arrangements for the self-employed Bar.
33. The regulatory objectives for legal services regulators include “promoting competition in the provision of services”. The Legal Services Act defines the services which are covered as “services such as are provided by authorised persons”. This objective should therefore be read as “promoting competition in the provision of legal services”, and not “promoting competition in the provision of insurance services”.
34. It cannot be taken for granted that competition in professional indemnity insurance leads to competition in legal services. However, the LSB’s Thematic Review noted the potential benefits (downward pressure) on the price of insurance from competition, based on general theoretical considerations.
35. The Thematic Review also noted the potential negative impact on the insurance market from introducing competition, and that this might have a negative impact on legal services competition. For example, some solicitors who the SRA is willing to authorise have exited the market because they were unable to obtain insurance. This has happened in a number of years and clearly results in a direct reduction in legal services competition. As Bar Mutual is obliged to insure a self-employed barrister once they have a practising certificate, the availability of insurance is not a barrier to practising as a self-employed barrister. The costs of exit are also not a barrier, as the run-off cover which the Bar Mutual provides is significantly lower cost than that for solicitors and a basic level is provided automatically at no extra charge.
36. The Thematic Review also noted that the introduction of competition in insurance might have an impact on the diversity of the profession, given the possibility that legal services providers from BAME backgrounds might find it harder to obtain insurance in a competitive market. At present SPABs contain a greater proportion of barristers from BAME backgrounds than the Bar as a whole; they currently appear to have no difficulty obtaining insurance because BMIF voluntarily provides cover to all SPABs who request it, but of course this might change if BMIF exited this market.
37. The Oxera report noted the low prices offered by BMIF – partly because its position as a monopoly provider appears to support a relatively efficient business model, including reduced

¹¹ Anecdotally, some solicitors have informed us that they sought BSB authorisation precisely so as to be able to access BMIF, reducing the cost of their insurance.

¹² As mentioned in paragraph 21(a), some barristers create single-person bodies as a first step to creating businesses which differ from, and hence are potentially more innovative than, the self-employed Bar. As mentioned in paragraph 42 below, authorised bodies are predominantly based outside London, which may have benefits for access to justice.

¹³ One innovation was the creation of an authorised body which was also a registered charity, which gave pro-bono legal advice and representation to immigration detainees. It cancelled its registration due to lack of funding, but had helped over 200 immigration detainees while it was open.

advertising and reduced operational costs because individual barristers are not given individual quotes. The report stated that removing compulsory BMIF provision “could lead to significant entry by private insurers and subsequent switching by a large number of barristers. If such switching occurs, it is likely to lead to an increase in the barristers’ overall costs and ultimately premium ratings of those who remain with BMIF”.¹⁴

38. Another reason for believing that BMIF’s prices are likely to be lower than commercial insurers is that, as barristers place their insurance directly with BMIF and no broker is involved in the process, BMIF does not pay commissions to brokers. Insurance commissions vary, but are unlikely to be less than 5% and can be significantly more, up to 15%.¹⁵ Given BMIF’s model, these savings are passed to barristers and then, in principle, to consumers.
39. As well as prices being lower than for solicitors’ insurance, the market is much more stable: the solicitors’ PII market is characterised by periods of variability in pricing and in the number of companies offering cover.¹⁶
40. We have consulted BMIF’s customers and they are in favour of the monopoly mutual model, partly because of their perception of the costs, risks, and inconvenience of having to find insurance from a competitive market.
41. Finally, we have obtained expert competition advice on the current arrangements, and have satisfied ourselves that in addition to supporting the BSB’s regulatory objectives and being consistent with the better regulation principles, the current arrangements are compatible with competition law.

Timing

42. We would like the rule change to be in effect from the insurance renewal year which begins in April 2020. In order to give enough time and notice, we would therefore like the proposal to be approved by October 2019.

D. Assessments and evaluation

Equality and diversity impacts

43. As touched on earlier, SPABs contain a greater proportion of barristers from BAME backgrounds than the Bar as a whole, but fewer women than the Bar as a whole. SPABs are significantly more likely to be based outside London than the Bar as a whole.¹⁷ However, as stated above, only two SPABs out of approximately 80 do not currently insure (voluntarily) with BMIF, and we intend to offer them waivers if they wish. Therefore we consider that these proposals will have no significant impact on the protected characteristics in the Equality Act 2010.

¹⁴ https://www.barstandardsboard.org.uk/media/1987729/oxera_report_on_pii_market_290419_pv.pdf

¹⁵ See BMIF’s response to the consultation on the LSB’s work programme in 2015 (15% figure is mentioned in footnote 2 to paragraph 24), available at https://www.legalservicesboard.org.uk/what_we_do/consultations/closed/pdf/20150326_Responses/Bar_Mutuals_Response_David_Simpson.pdf

¹⁶ For example see paragraphs 29 and 30 of https://www.barstandardsboard.org.uk/media/1662760/consultation_paper_on_insurance_requirements_for_single_person_entities_-_pdf_-_final.pdf. Also, the following articles suggest that prices are currently hardening for solicitors’ insurance, partly for reasons unrelated to claims: <https://www.lawsociety.org.uk/news/blog/professional-indemnity-insurance-dilemma/>, <https://www.legalfutures.co.uk/latest-news/pii-market-hardening-but-cover-still-available-for-savvy-firms>

¹⁷ 24% of authorised entities have a London address, compared to 62% of barristers.

Analysis of the proposal against the regulatory objectives

44. The regulatory objectives are:

- Protecting and promoting the public interest
- Supporting the constitutional principle of the rule of law
- Improving access to justice
- Protecting and promoting the interests of consumers
- Promoting competition in the provision of services
- Encouraging an independent, strong, diverse and effective legal profession
- Public understanding of citizens' legal rights and duties
- Promoting and maintaining adherence to the professional principles, which are:
 - (a) that authorised persons should act with independence and integrity,
 - (b) that authorised persons should maintain proper standards of work,
 - (c) that authorised persons should act in the best interests of their clients,
 - (d) that persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice, and
 - (e) that the affairs of clients should be kept confidential.

45. A mutual risk-sharing approach to professional indemnity insurance may keep premiums lower for publicly-funded practitioners in the area of crime than a commercial model would. It has been suggested that this is the case with BMIF. The availability of practitioners in this area benefits the public interest as regards the legal system, and the rule of law. This proposal is therefore supportive with respect to these objectives.

46. PII does not have a direct link with access to justice. However, one of the BSB's concerns is with under-served legal markets. If certain types of authorised body have difficulty finding insurance and so leave the market, this may damage access to justice both directly and indirectly.¹⁸ Also, if certain SPABs raise their prices because the price of their insurance has increased, this may also reduce access to justice for poorer clients. Therefore, this proposal is supportive of this objective.

47. As discussed earlier, the consumer interest is served by legal services providers having PII. Therefore, as the proposed rule change safeguards the availability of PII for SPABs, it is supportive of this regulatory objective.

48. Competition is discussed in detail earlier, in paragraphs 27 to 34. In summary, we consider that the guaranteed availability of affordable insurance supports competition in the provision of legal services.

49. As discussed earlier, to the extent that commercial PII is harder to obtain for BAME barristers or SPABs, who might otherwise be forced to leave the market, the proposal supports the diversity of the legal profession.

50. PII does not have direct links with public understanding of the law or with adherence to the professional principles. This proposal is therefore neutral with respect to these objectives.

¹⁸ Directly: reduced supply and hence competition; indirectly, if there is less competitive pressure then providers may be able to increase prices.

Analysis of the proposal against the better regulation principles

51. The better regulation principles are that regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.
52. We have consulted those affected by this proposal, and the LSB will make this application public, which we consider meets the requirements to be transparent and accountable.
53. We consider that the change, which will in reality initially affect nobody (if our offer of waivers is taken up), or at most a small number of bodies, is proportionate to the goal of ensuring the availability of affordable insurance for SPABs and hence maintaining the viability of the entity model.
54. The proposal increases the consistency of our regulatory arrangements, in as much as authorised bodies with similar business models to the self-employed Bar will be treated similarly by the BSB Handbook.
55. We are not proposing to extend the rule to multi-person authorised bodies or alternative business structures, and hence it is targeted at the appropriate cases – those who are currently voluntarily insured by BMIF but who might lose access to that source of PII cover (or any cover at all).

Other regulators

56. This proposal does not have direct impacts on or interactions with other approved regulators.

Evaluation and Monitoring

57. This proposal will have succeeded if no SPAB leaves the market because it is unable to obtain insurance. This should be the case if BMIF continues to offer to insure all SPABs. Of course, BMIF has offered insurance voluntarily in the past, but it has informed us that it will not do so in the future without the backing of the Handbook: it is difficult to measure the counter-factual.
58. An important aspect of the revised Memorandum of Understanding that we have agreed with BMIF is that it will each year provide the BSB with a report on the state of the insurance market. It will include, among other things, the results of any customer (both barrister and Specialist Bar Association) satisfaction surveys BMIF may have undertaken; and the actions BMIF has taken to assure itself that it remains efficient and effective. It will also include the conclusions that BMIF draws from the above data, its view on broad trends in the market, and its view on possible emerging risks. These may be qualitative, and may include BMIF's view on whether there are additional factors that may be influencing risk and that can be taken into account when setting premiums for individual barristers.
59. The BSB will therefore have sight of the factors which affect BMIF's premiums and, while not being a regulator of insurance firms, will therefore be in a better position to take a view as to the continuing benefits of the current insurance arrangements involving BMIF, with expert advice where necessary.

E. Conclusion

60. The BSB has considered all the issues raised by the LSB's Thematic Review and directly acted on all of them except for the LSB's presumption in favour of competition in the market for insurance. We have given detailed consideration to the competition issue, and have reasoned arguments for maintaining the compulsory mutual model for the self-employed Bar. Our proposed extension is small both in scope and in effect, and we consider it worthwhile in order to protect the viability of our entity regime, which itself facilitates innovation and may have

benefits for competition and consumers. We consider our proposal to be supportive of the regulatory objectives, and in line with the better regulation principles.

Next steps

61. If this application is approved, the rule-change will be communicated to the profession and other stakeholders via a press release, the BSB's monthly Regulatory Update e-mail, Counsel magazine and the BSB's Twitter account. We will also write to all SPABs.
62. Subsequently, the BSB's Authorisations team will check compliance each year when SPABs renew their authorisation.

Annexes

Annex A: Consultation letter to SPABs, February 2019.

Annex B: Memorandum of Understanding between the BSB and BMIF (2019).

Annex C: Minimum terms of cover for the self-employed Bar.

Annex D: Minimum terms of cover for entities.