



**BIRMINGHAM LAW SOCIETY**

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**Response to SRA Consultation on Professional  
Indemnity Insurance (PII) – cyber cover**

**May 2021**

## **Response of the Consultation Committee of the Birmingham Law Society to the SRA Consultation on Professional Indemnity Insurance (PII) – cyber cover**

This response has been prepared by the Consultation Committee of the Birmingham Law Society. The Society is the largest local law society with some 5,000 members from all branches of the legal profession and practising in all aspects of law. The response represents the collective views of the Consultation Committee whose members include specialists in professional regulation and those with experience of PII.

### **Question 1 – Do you agree with the proposed change to our MTCs?**

Yes

We welcome the SRA's exercise in clarification for the benefit of the profession. In our experience, insurance policies and indeed the MTCs often have areas of doubt which result in coverage disputes between insureds and insurers. Any steps that the SRA can take to improve the understanding of all parties in this area are prudent and sensible.

Cyber risks have become a significant concern for law firms in recent years and as a result cyber insurance is often purchased as a knee jerk reaction without a full appreciation of the cover it provides. By making it clear that the civil liability provision under the MTCs covers consumer/third party losses but not First Party (law firm) losses this will enable firms to consider and then arrange cover which suits their own business needs. Firms should not underestimate the value in having a specialist professional indemnity broker standing with them and advising them preferably before they sign the contract of insurance.

### **Question 2 – Does the draft clause, in your view, maintain, expand or reduce the current scope of consumer protection afforded through our PII arrangements?**

We consider that the draft clause maintains (as it should) the current scope of consumer protection.

**Question 3 – Does the draft clause bring about any unintended consequences and if yes, how might the draft clause be amended?**

We do not believe that the draft clause brings about any unintended consequences.

We propose that in order to be entirely clear the draft clause in the opening sentence should be amended to add the three words (in bold and underlined below) to read as follows:

*“The insurance may exclude, by way of an exclusion or endorsement, the liability of the insurer to indemnify any insured **for First Party Liability** in respect of or in any way in connection with...”*

**Question 4 – Are there any other impacts which you think we need to consider?**

No

Cyber in all its forms is a concern for everyone and has been put into sharp focus by the COVID world of home and remote working becoming the norm rather than the exception. In the past lawyers would always be advised that the safest place to be doing work electronically was in the office on the safe office systems, rather than for example on the train or in a coffee shop. Ways of working brought forward by COVID restrictions have changed. We appreciate that IT systems have also changed, but we do not underestimate that criminals remain one step ahead. Any initiatives by the SRA to inform and educate in this area of risk is of great benefit to law firms and their clients.