<u>Run-off cover for Collegiate policy holders</u>

Q: What is Run-Off?
A: All Professional Indemnity (PI) Insurance is on a claims made basis that means you must have an active PI policy at the time a claim or allegation is made against you. It is important to remember that once a PI policy expires you can no longer make any claims against it. Therefore you need to consider maintaining your PI insurance once you cease trading. This is called Run-Off Insurance and provides protection against any claims which may arise from work you undertook in the past.

Q:Do Collegiate provide run-off cover?
A: Yes, we can convert your existing Collegiate policy into run-off by way of endorsement. All we require is the date of de-authorisation from the Financial Conduct Authority (FCA) or the date you ceased trading if you were not FCA regulated.

Q:Do you provide block run-off policies?
A:No, run-off cover has to be renewed annually like a standard PI policy.

Q:Do I have to complete a proposal form?
A: Yes for the first renewal after you cease trading we require a full proposal form completing. In subsequent years we will only require a short form for Independent Financial Advisers (IFA's) or Mortgage Brokers.

Q: What will my premium be for run-off?
A: Your premium will be based on your last year of trading. It will usually be similar to your premium in the year before you ceased trading. In subsequent years the premium is likely to tail off by around 20% per annum for the next 3 years or so before reaching a plateau, assuming no claims are made and there are no major changes in the PI market.

Q: Do you provide run-off cover to firms who aren't already insured with you?
A: No, we are only able to provide run-off cover to firms who are insured with us at the time they cease trading.

Q: What professions do you offer run-off cover for?
A:We can offer run-off for any of the professions we provide standard cover for.

Q:How long should I carry Run-Off for?
A:Some professional bodies stipulate minimum periods of run-off you must take once you cease trading.

The Royal Institute of Chartered Surveyors (RICS) require their members to carry run-off cover for 6 years, they also say you should consider carrying it for longer than this.

The Institute of Chartered Accountants (ICA) require their members to carry a minimum of two years run-off and they recommend six years.

If you are not a member of one of these professional bodies and your own professional body does not publish rules about this, then it is up to you how long you carry run-off. It is worth seeking independent legal advice when winding down your business. You may have signed contracts which stated you would maintain professional indemnity insurance for a set period of time. You should consider the nature of the work you have undertaken and what you think the potential exposures to you or the possibility of a claim are. Does the 1980 Limitation Act apply? Generally, a six year limitation will apply but in some circumstances this six year time limit may not start until long after the work was done, there is however a long stop time bar of 15 years.   If you were a Limited company or LLP once you have dissolved this company and it has been struck off at companies house there is no longer anything for a former client to claim against and nothing for us to insure. However, if you are relying on this you should seek independent legal advice as you may have had several trading styles over the years and in extreme cases it can be possible for a Judge to order that a firm is reinstated at Companies House in order for a claim to be made against it.

Q: Why has my limit of indemnity Reduced?
A: When IFA's enter run-off the FCA minimum limits no longer apply and we reduce the limit of indemnity, this enables us to offer run-off cover for IFA's at reasonable rates.