

1. The Institute and Faculty of Actuaries (IFoA) welcomes the opportunity to respond to the Solicitors Regulation Authority (SRA)'s consultation on Consumer protection for post six-year negligence. The IFoA is based in the UK and is a royal chartered, not-for-profit, professional body, representing and regulating over 32,000 actuaries worldwide. We responded to the SRA's earlier consultation on *Post six year run-off cover and the Solicitors Indemnity Fund*.
2. As was also the case in drafting our previous response, we have drawn upon input from IFoA members working for consultancies advising general insurance clients.
3. There is a clear parallel with the SRA's public interest role as a regulator with the IFoA's own regulatory responsibility. At the IFoA we have a public interest responsibility to regulate our members in such a way to assure public trust, but with this balanced with supporting business and innovation.
4. Consistent with the IFoA's own public interest obligations, and as with any IFoA consultation response, we have considered the SRA's proposals from an independent, public interest perspective.
5. We note that in developing its latest proposals, based on the responses to the earlier consultation, the SRA has recognised that that negligence emerging more than six years after a firm closes can cause significant detriment to the small number of consumers affected. We note further that the SRA Board has agreed that the SRA should make regulatory arrangements for post six-year consumer protection if it can be delivered in a way that:
 - provides appropriate protection for consumers;
 - is appropriately governed and consistent with other regulatory arrangements;
 - is cost effective;....and is therefore a proportionate regulatory arrangement.

Consultation question 1: Do you have any comments on the draft rules and arrangements for implementing the SRA-controlled post six year indemnity scheme?

6. In our response to the SRA's 2021 consultation we commented on potential funding arrangements including the option of merging the SIF and the Compensation Fund (CF). We note that SRA have discounted using a compensation fund and its Board decided in September 2022 to provide consumer protection through an indemnity scheme controlled by the SRA.
7. Our response to the earlier consultation also noted that the average claim of £34,600 may be significant or at least non trivial to most individual consumers, even after deducting defence costs. In addition, those seeking compensation may be in a vulnerable state financially, or mentally.
8. In addition, we were not convinced that the need for an annual levy of £16 per solicitor, if passed on to the consumer, could be described as having a negative impact on a large number of consumers.
9. We further suggested that, if decisions about SIF's future were made later than 30 September 2022, then a further limited extension of PSYROC could be considered in the interim.

10. Given this range of points, we therefore welcome the SRA's decision to seek a 12 month extension (to 30 September 2023) to the deadline for new claims to be notified to SIF, and to make regulatory arrangements for a continuation of consumer protection.

Question 2 Do you have any views on our revised draft regulatory and equality impact assessments?

11. We support the SRA's aims set out in paragraph 5 of our response above. We are not in a position to conclude on whether the option chosen would meet these objectives, however, as it is not clear to us whether a number of relevant factors have been considered in detail.
12. In particular, we suggest that, given the long-term nature of the liabilities, the SRA also considers the following aspects:
 - the long-term financial sustainability of any arrangement put in place including;
 - the equity of any funding arrangement across cohorts/generations of solicitors;
 - the extent and implications of unfunded PSYROC claim exposures to the public over time
 - any applicable insurance regulations.