



Administration of Justice Act 1985

1985 CHAPTER 61

PART II

LICENSED CONVEYANCING

Financial requirements

21 Professional indemnity and compensation.

- (1) The Council shall make rules for indemnifying licensed conveyancers and former licensed conveyancers against losses arising from claims in respect of any description of civil liability incurred by them, or by employees or associates or former employees or associates of theirs, in connection with their practices as licensed conveyancers.
- (2) The Council shall also make rules for the making of grants or other payments for the purpose of relieving or mitigating losses suffered by persons in consequence of—
 - (a) negligence or fraud or other dishonesty on the part of licensed conveyancers, or of employees or associates of theirs, in connection with their practices (or purported practices) as licensed conveyancers; or
 - (b) failure on the part of licensed conveyancers to account for money received by them in connection with their practices (or purported practices) as licensed conveyancers.

[^{F1}(2A) The power of the Council to make rules under subsection (2) shall apply in relation to the practices of licensed conveyancers mentioned in subsection (2B) as it applies to their practices as licensed conveyancers.

(2B) The practices referred to in subsection (2A) are the practices of licensed conveyancers which consist of carrying on a relevant activity by virtue of a licence issued under section 53 of the Courts and Legal Services Act 1990 (which provides for the Council to authorise the carrying on of certain reserved legal activities in relation to which the Council is designated as an approved regulator).

(2C) For the purposes of subsection (2B) “relevant activity” has the same meaning as in section 53 of the Courts and Legal Services Act 1990.]

Changes to legislation: There are currently no known outstanding effects for the Administration of Justice Act 1985, Section 21. (See end of Document for details)

- (3) For the purpose of providing such indemnity and of enabling such grants or other payments to be made, rules under this section—
 - (a) may authorise or require the Council to establish and maintain a fund or funds;
 - (b) may authorise or require the Council to take out and maintain insurance with authorised insurers;
 - (c) may require licensed conveyancers or licensed conveyancers of any specified description to take out and maintain insurance with authorised insurers.
- (4) Without prejudice to the generality of the preceding subsections, rules under this section—
 - (a) may specify the terms and conditions on which indemnity or a grant or other payment is to be available, and any circumstances in which the right to it is to be excluded or modified;
 - (b) may provide for the management, administration and protection of any fund maintained by virtue of subsection (3)(a) and require licensed conveyancers or licensed conveyancers of any specified description to make payments to any such fund;
 - (c) may require licensed conveyancers or licensed conveyancers of any specified description to make payments towards the premium payable on any insurance policy maintained by the Council by virtue of subsection (3)(b);
 - (d) may prescribe the conditions which an insurance policy must satisfy for the purposes of subsection (3)(c);
 - (e) may authorise the Council to determine the amount of any payments required by the rules, subject to such limits, or in accordance with such provisions, as may be prescribed by the rules;
 - (f) may specify circumstances in which, where a licensed conveyancer for whom indemnity is provided has failed to comply with the rules, the Council or insurers may take proceedings against him in respect of sums paid by way of indemnity in connection with a matter in relation to which there has been a failure to comply with the rules;
 - (g) may specify circumstances in which, where a grant or other payment is made in consequence of the act or omission of a licensed conveyancer, the Council or insurers may take proceedings against him in respect of the sum so paid;
 - (h) may specify circumstances in which licensed conveyancers are exempt from any of the requirements of the rules;
 - (i) may empower the Council to take such steps as it considers necessary or expedient to ascertain whether or not the rules are being complied with; and
 - (j) may contain incidental, procedural or supplementary provisions.

[^{F2}(5)

“Authorised insurer” means—

- (a) a person who has permission under [^{F3}Part 4A] of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance of a relevant class;
- ^{F4}(b)
- ^{F4}(c)

- (6) A contract of insurance is of a relevant class for the purposes of subsection (5) if it insures against a risk arising from—
 - (a) accident;

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- (b) credit;
 - (c) legal expenses;
 - (d) general liability to third parties;
 - (e) sickness;
 - (f) suretyship; or
 - (g) miscellaneous financial loss.
- (7) Subsections (5) and (6) must be read with—
- (a) section 22 of the Financial Services and Markets Act 2000;
 - (b) any relevant order under that section; and
 - (c) Schedule 2 to that Act.]

Textual Amendments

- F1** S. 21(2A)-(2C) substituted for s. 21(2A)(2B) (13.7.2011) by [The Legal Services Act 2007 \(The Law Society and The Council for Licensed Conveyancers\) \(Modification of Functions\) Order 2011](#) (S.I. 2011/1716), arts. 2(1), **8**
- F2** S. 21(5)-(7) substituted (1.12.2001) for s. 21(5) by [S.I. 2001/3649](#), arts. 1, 298
- F3** Words in s. 21(5)(a) substituted (1.4.2013) by [Financial Services Act 2012](#) (c. 21), s. 122(3), **Sch. 18 para. 49** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.
- F4** S. 21(5)(b)(c) omitted (31.12.2020) by virtue of [The EEA Passport Rights \(Amendment, etc., and Transitional Provisions\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1149), reg. 1(3), **Sch. para. 27** (with reg. 4); 2020 c. 1, Sch. 5 para. 1(1)

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