

A LUNCHTIME ADDRESS by SIR DENIS MARSHALL

The final event in the BILA calendar for 1982 was a lunch at Barrington House on Friday 7th July with Pat Saxton in the Chair. Before introducing the speaker he said that he had two pleasant tasks to perform. The first of these was to welcome Bernard Curtis of the Institute of London Underwriters whose Committee Room had been used for several years and greatly increased attendance at lunch-time lectures. The second was to present a silver salver to Gordon Shaw as a mark of the Association's appreciation of his immense contribution in regard to the AIDA Sixth World Congress held in London.

The Chairman then went on to introduce the speaker, Sir Denis Marshall (President of the Law Society) whose links with the insurance industry were very strong. After an amusing sketch of his early career, Sir Denis said he thought the meeting might like to hear some comments on the Master Policy arrangements for members of the Law Society which had been the subject of recent publicity. Indemnity insurance had come into prominence over the past decade and six years ago the Society realised that because solicitors were "the last line of defence" measures for protection of the public were required. Indeed, twelve years ago, Lord Hailsham had warned that if proper steps were not taken there might be Government intervention. There were four elements comprised in a claim: type, size, location and cause. Contrary to general opinion, 80% of all claims were less than £10,000 and generally speaking the larger firms did not produce the larger claims.

The speaker explained that, as a result of the scheme, any admitted solicitor in private practice had to produce a certificate of insurance. An important part of the scheme was that because the underlying policy was non-voidable, the client would be paid, although the Insurers would take appropriate recourse against the advocate concerned. He recalled the original dual challenge of Swain - firstly that the compulsory imposition of the scheme by the Society was "ultra vires" and secondly that they were not entitled to retain the portion of the commission on premiums rebated to them by the Brokers. On the first issue the Law Society were successful in resisting the allegation in all Courts. However, on the second they won in the Court of first instance and, although they lost in the Court of Appeal, won again in the House of Lords. It was thus that after six years all hostility to the scheme had been extinguished.

Sir Denis said that results had shown that a Mutual would not have benefited the Society but that if one were to consider afresh such a scheme or if other professions were contemplating such a scheme, it might be worth while placing part of the cover with a Mutual.

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