



# Risk management tips for solicitors

The importance of good risk management shouldn't be underestimated. Dealing with a professional indemnity claim can be costly and time consuming and most insurers will require you to be actively involved in the process. If a claim goes to mediation or trial you could be looking at hundreds of working hours being lost.

There are many factors for solicitors to consider when improving risk management within a firm, but here are some key suggestions for reducing your exposure to professional indemnity claims.

1. Issue engagement letters and follow the terms they contain.
2. Confirm all new instructions in writing and keep the client abreast of the costs. Make it clear what you will advise on and what you won't.
3. Record and follow up all advice in writing.
4. Keep clear notes of all key meetings and conversations. It is remarkable how many claims turn on a missing attendance note.
5. Ensure your own diary system is kept up to date and have a centralised diary so that if an employee is absent their work will be picked up. Missed deadlines are still the cause of many professional indemnity claims.
6. Advise clients of the risks if they fail to meet deadlines.
7. Keep up to date with trends and developments in your area of expertise.
8. Don't advise on subjects you are not familiar with.
9. Don't get too close to your clients as relationships quickly fall apart if problems arise. Likewise, ensure you vet all new clients - if a potential client has changed solicitors frequently then there is usually a reason for it.
10. Carry out regular file audits and peer reviews; this should be done up to senior partner level.
11. Make sure that there are adequate financial controls in place.
12. Have a clear procedure for dealing with conflicts of interest.
13. Have clearly defined IT and document management policies. Ask yourself: Do you have adequate security measures in place? Is there an internet use policy? And are electronic files and memory sticks protected against unauthorised access?
14. Know your professional indemnity policy. Be aware of your claims reporting obligations under the policy and make sure all staff are aware of their duty to report potential claims and circumstances which may give rise to a claim.
15. Make sure that the activities you carry out are covered by your professional indemnity policy. If you are engaging in different areas of business or dealing with clients in foreign jurisdictions make sure that your professional indemnity policy will respond if a claim is made against you.

#### Disclaimer

Any views or opinions expressed in this briefing are for guidance only and are not intended as a substitute for appropriate professional guidance. We have taken all reasonable steps to ensure the information contained herein is accurate at the time of writing but it should not be regarded as a complete or authoritative statement of law.

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