

WHAT TRIGGERS A FIRM TO NEED PI RUN-OFF

Reviewed by Matthew Bartlett, Director · Last reviewed 2026-06-22

RUN-OFF IS A POSITION, NOT A PRODUCT

Run-off cover is professional indemnity insurance for a firm that has stopped trading but remains exposed to claims arising from work done while it was active. The cover does not change the firm's liability profile; it puts a policy behind it for as long as the limitation clock allows a claim to be brought. The technical mechanics are covered in [run-off cover explained](#). The strategic question is what puts a firm into run-off in the first place.

PARTNERSHIP EXITS

When a partner leaves a partnership or LLP, the firm itself usually continues — but the departing partner's personal liability for advice given during the partnership period continues too. Where the partnership later dissolves or the remaining partners decline to keep cover at the limits required, the departing partner may need their own run-off arrangement. [Solicitors](#) are protected to a degree by the SRA's mandatory six-year run-off requirement under the [MTC](#); many other professions have no equivalent and the partner has to procure cover privately.

SOLE-PRACTITIONER RETIREMENT

A sole practitioner who closes the practice on retirement remains exposed to claims for as long as the limitation period runs. For most professions that is six years from the cause of action under the [Limitation Act 1980](#), extended to fifteen years for latent damage under section 14B and longer still in specific construction contexts (see BSA section 135 below). A retiring practitioner usually buys six years of run-off cover at minimum; [architects](#) and [engineers](#) often buy ten or more because of the long-tail building exposure.

MERGERS, ACQUISITIONS AND SUCCESSION

When a firm is acquired, the acquiring entity may accept the prior liability or may insist that the selling firm keep run-off cover for the historic book. The position is typically negotiated in the sale and purchase agreement. A poorly drafted SPA can leave the seller's principals personally exposed years after the deal closes. Apex sees this most frequently with [accountancy](#) and [surveying](#) sales where the buyer takes the goodwill but not the historic claims tail.

BUILDING SAFETY ACT 2022 SECTION 135 — EXTENDED LIMITATION

Section 135 of the [Building Safety Act 2022](#) retrospectively extended the limitation period under section 1 of the [Defective Premises Act 1972](#) to thirty years for completed dwellings (and fifteen years prospectively). The effect on PI is significant: [architects](#), [engineers](#), [surveyors](#) and [D&B contractors](#) who worked on residential buildings completed since the early 1990s are

now exposed to claims well beyond the standard six-year clock. Run-off planning for these professions has to extend correspondingly. See [BSA section 135 limitation period](#).

REGULATOR-DRIVEN DEAUTHORISATION

Where a regulator removes a firm's authorisation — the SRA closing an intervention firm, the FCA cancelling permissions under [SUP](#), the ICAEW withdrawing audit registration — the firm cannot continue to trade but the historic liabilities remain. Run-off arrangements are often part of the regulator's exit conditions. For solicitors, the [Assigned Risks Pool](#) provides a backstop where the open market will not.

THE COMMON THREAD

Each trigger comes down to the same point — work has been done, the limitation clock is running, and the firm is no longer in a position to renew its annual policy. Apex maps the triggers against each professional client at onboarding so the run-off plan is in place before the trigger event arrives, not after.

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