

Response to consultation on proposed changes to RICS Professional Indemnity Insurance (PII) arrangements – UK and Ireland

July 2025

Table of Contents

1	Introduction	4
1.1	Executive Summary	4
1.2	Background and context	4
2	Any one claim coverage	5
2.1	Background and proposal for change	5
2.2	Summary of consultation feedback	5
2.3	RICS response and next steps.....	6
3	Cancellation of PII policies by insurers	6
3.1	Background and proposal for change	6
3.2	Summary of consultation feedback	7
3.3	Proposal to clarify cancellation via premium payment clause	8
3.4	Claims handling where only partial premium has been paid at cancellation	8
3.5	Handling claims and cancellations involving premium finance arrangements	9
3.6	Premium payment period: Assessing the reasonableness of a 60-day term.....	10
3.7	Reasonableness of 30-day notice period for cancellation	10
3.8	Unintended consequences of proposed cancellation changes	10
3.9	Further comments on proposed cancellation changes.....	11
3.10	RICS response and next steps.....	11
4	Cancellation of PII policies by RICS regulated firms	12
4.1	Background and proposal for change	12
4.2	Summary of consultation feedback	13
4.3	Feedback on clarifying cancellation provision for firms	13
4.4	Reasonableness of 30 day notice period for insurers and firms.....	14
4.5	Reasonableness of pro-rata return of premium.....	14
4.6	Potential unintended consequences of introducing this change.....	15
4.7	Additional comments on the proposed changes for the cancelation of PII policies	15
4.8	RICS response and next steps.....	16
5	Notification to RICS of cancellation of policy	17
5.1	Background and proposal for change	17
5.2	Summary of consultation feedback	18
5.3	Delegating notice of cancellations to agents and brokers	18
5.4	Client confidentiality and notification provision	19
5.5	Unintended consequences of this change	20
5.6	RICS response and next steps.....	20
6	Consumer run-off cover.....	21
6.1	Background and proposal for change	21
6.2	Summary of consultation feedback	23
6.3	Options for addressing consumer run-off premium charges	23
6.4	Potential unintended consequences of the proposed amendments	24

6.5	Managing consumer run-off claims with partial premium payments.....	24
6.6	RICS response and next steps.....	25
7	Fire safety	26
7.1	Background and proposal for change	26
7.2	Issue 1: Clarification of negligent act, negligent error, or negligent omission coverage	26
7.3	Issue 2: Return to pre-2020 coverage.....	26
7.4	Issue 3: Definition of fire safety	27
7.5	Summary of consultation feedback	27
7.6	Clarification of negligent act, negligent error or negligent omission coverage.....	27
7.7	Assessment of the scope of fire safety definitions in the Minimum Policy Wording	28
7.8	Further detail and evidence provided on the scope of fire safety coverage	29
7.9	Insurer views on reinstating civil liability cover for building five storeys and above	30
7.10	Additional comments on fire safety coverage.....	31
7.11	RICS response and next steps.....	31
7.12	Clarification of negligent act, error, or omission coverage.....	31
7.13	Definition of fire safety.....	32
7.14	Return to full civil liability coverage for building five storeys and above	32
8	Overall RICS conclusions and next steps	32

1 Introduction

1.1 Executive Summary

1. On 27 February 2025, RICS issued a consultation seeking stakeholder views on proposed changes to RICS Professional Indemnity Insurance (PII) Requirements and associated Minimum Policy Wording. The consultation closed on 4 April 2025. The consultation document can be read in full [here](#) and covered proposals to amend the following areas of insurance coverage for RICS regulated firms in the UK and Ireland:
 - Any one claim coverage
 - Cancellation of PII policies by insurers
 - Cancellation of PII policies by members
 - Notification to RICS of cancellation of policy
 - Consumer run-off cover
 - Fire safety.
2. This document reiterates the reasons for the consultation; summarises consultation feedback; provides RICS' response to the comments received via the consultation; and sets out RICS' conclusions and next steps under each of the topics outlined above.
3. The changes to the PII arrangements outlined in this document take effect on 1 July 2025.

1.2 Background and context

4. RICS requires that all regulated firms must hold 'adequate and appropriate' PII as a protection for the clients they serve. In the UK and Ireland, the RICS Standards and Regulation Board (SRB) has set further more detailed requirements regarding the type and extent of PII required in the PII Requirements document and the RICS' Minimum Policy Wording. It is a requirement that regulated firms in the UK and Ireland obtain their PII from an RICS listed insurer. Insurers wishing to join the list must meet certain criteria and sign a contract (the RICS Listed Insurer Agreement).
5. In response to a range of emerging issues and to maintain high levels of consumer protection, RICS launched a consultation on 27 February 2025 to seek feedback on proposed changes to its PII arrangements. The consultation aimed to ensure that the PII framework remains fit for purpose and continues to support regulated firms in managing their professional liabilities effectively and proportionately in a changing risk and regulatory environment.
6. The following sections set out a detailed summary of each of the key areas covered in the consultation. For each area, the document provides an overview of the feedback received, an

analysis of the issues raised by respondents, and the final decision taken by the RICS SRB in light of that feedback. This structure is intended to provide transparency around how the consultation input has informed the final policy position.

2 Any one claim coverage

2.1 Background and proposal for change

7. The Minimum Policy Wording is drafted on the basis of “any one claim” coverage. Since 2020, however, RICS has permitted insurers to apply an agreed endorsement allowing coverage on an “aggregate unlimited round the clock reinstatements” basis of coverage. This endorsement was introduced as part of a package of measures to stabilise the PII market during a period of significant strain, prompted in part by the economic uncertainty of the COVID-19 pandemic.
8. The consultation proposed removing this endorsement from the Listed Insurer Agreement from 1 July 2025. RICS outlined that market conditions had since improved, with the number of listed insurers rising from 36 in 2020 to 45, returning to pre pandemic levels. RICS also noted that a return to the default “any one claim” model would simplify coverage arrangements and any increases in the costs of premiums due to the reintroduction of any one claim coverage could be mitigated by firms not having to purchase excess layer coverage, commonly associated with aggregate cover.

2.2 Summary of consultation feedback

9. A majority of RICS-regulated firms supported the proposal to revert to “any one claim” as the sole permitted basis of cover, though most of these responses did not include detailed commentary. In contrast, the overwhelming majority of insurer respondents expressed strong opposition to the proposed change.
10. Insurers and brokers highlighted that the flexibility introduced in 2020, by allowing both ‘any one claim’ and aggregate structures, has contributed to market stability, encouraged insurer participation, and supported more sustainable pricing. Many warned that removing the aggregate option could destabilise the market by forcing insurers to withdraw or reduce their appetite for underwriting the surveying profession. Concerns were also raised about the potential impact on competition and availability of cover, particularly for firms operating in higher-risk areas or requiring higher limits.
11. Respondents noted that aggregate cover plays an important role in reinsurance and pricing models and is often seen as offering comparable protection to ‘any one claim’ coverage. It was argued that removing this option could leave some firms uninsurable, increase the

administrative burden on RICS as regulator through a rise in dispensation requests, and provide little tangible benefit in terms of consumer protection.

2.3 RICS response and next steps

12. Following careful consideration of the consultation feedback and further engagement with listed insurers, RICS has decided not to proceed with the proposed removal of the endorsement for 1 July 2025. It was concluded that the potential disruption and market consequences of enforcing a single model of cover at this time would outweigh the benefits.
13. The consultation revealed clear and consistent concern from insurers and brokers about the risk of market instability and reduced access to insurance. While some regulated firms supported the change, the absence of detailed reasoning in many of these responses, alongside the strong feedback from insurers, has informed the decision.
14. Although the current approach permitting both 'any one claim' and aggregate cover is more complex, it is widely seen as contributing positively to market resilience. RICS will therefore maintain the existing endorsement within the Listed Insurer Agreement. However, by consulting on this issue, RICS has signalled its intention to return to a simpler 'any one claim' model in the longer term. Over the coming year, RICS will continue to monitor market conditions and engage with insurers, with a view to revisiting this position when appropriate.

3 Cancellation of PII policies by insurers

3.1 Background and proposal for change

15. Under the RICS Minimum Policy Wording, insurers have the right to cancel a policy if the premium is not paid. While cancellations of PII policies are rare based on available data, RICS has become aware of a small number of cases where regulated firms have declared that insurance cover is in place, despite no premium having been paid for an extended period. In such cases, the risk of policy cancellation, potentially from inception, raises concerns for both firms and their clients, as it may leave them without protection.
16. Currently, the Minimum Policy Wording does not specify how insurers should proceed if they intend to cancel a policy for non-payment of premium. While the right to cancel remains, the absence of a clear process can lead to inconsistent practices. Without defined notice requirements, there is a risk that firms may not be given sufficient time to make payment before a policy is cancelled, potentially leaving clients and the public exposed. Moreover, without a formal process, RICS may not be informed when cancellations are issued, limiting its ability to monitor compliance and take appropriate action.

17. To address this, RICS proposed to amend the Minimum Policy Wording to provide greater clarity on when a policy is considered to be in effect, and how and when it may be cancelled for non-payment of premium. The aim is to ensure clear, consistent expectations for all parties and to safeguard against abrupt or retrospective cancellations.
18. The solution RICS proposed was to incorporate a widely used market clause (LSW3001), published by the International Underwriting Association (IUA). This clause is already commonly used in the insurance industry and is designed to create a fair and transparent process for managing unpaid premiums. Under the amendment we proposed in the consultation document:
 - The premium should be paid within 60 days of the policy inception date;
 - If the premium is not paid within this period, the insurer should issue a 30-day notice of cancellation to the broker;
 - If the premium remains unpaid at the end of this notice period, the policy would not terminate, and a pro-rata premium would still be due;
 - If a claim is notified before termination, the policy would still respond, provided the premium is ultimately paid in full.
19. To further support this approach, RICS also proposed to make it clear within the Minimum Policy Wording that insurers may not contract out of the relevant protections under the Insurance Act 2015. This means that pre-payment warranties (terms that could prevent claims unless the premium is paid upfront) would be prohibited, helping to ensure fair treatment for firms.
20. RICS outlined that we considered this approach strikes an appropriate balance as it reinforces insurers' ability to act where premiums are unpaid while protecting regulated firms from sudden or retrospective loss of cover.
21. The consultation also outlined that RICS discussed with insurers the possibility of requiring full or part payment of premium before the policy is in effect, so that the insurance policy cannot be cancelled ab initio. However, given the range of payment mechanisms used by firms of their brokers, including the use of financing and instalment, we did not consider this to be feasible and outlined that we were seeking a solution for all payment methods.

3.2 Summary of consultation feedback

22. As part of the consultation, respondents were asked whether they agreed with the proposal to clarify the cancellation process by incorporating a specific premium payment clause into the Minimum Policy Wording. Those who disagreed were invited to explain their reasoning. Insurers were also asked how they would handle claims where only part of the premium had been paid at the time of cancellation, and how they would approach cancellation or claims

where a premium finance company had paid the insurer, but the firm had defaulted on repayments to the finance company.

23. Respondents were asked whether 60 days was a reasonable period for firms to pay the premium, and were invited to suggest an alternative if they disagreed. Similarly, views were sought on whether 30 days' notice of cancellation was appropriate for both insurers and firms, with space to propose a different period.
24. Finally, the consultation invited feedback on any unintended consequences of the proposed changes, as well as any further comments regarding the cancellation of PII policies.

3.3 Proposal to clarify cancellation via premium payment clause

25. Among RICS regulated firms, there was strong support for the proposal to incorporate the premium payment clause into the Minimum Policy Wording. Of the 117 responses received, 93 firms agreed with the proposal, while only two disagreed. The remaining 22 either selected "Don't know" or did not provide a clear answer. The small number of dissenting views mainly related to specific arrangements such as monthly premium payments, which are not explicitly addressed by the clause. Overall, firms welcomed the proposal as a sensible and helpful clarification.
26. Insurers and brokers also expressed strong support, with 13 of the 15 insurer responses in favour. Respondents noted that the clause aligns with existing market practice and improves clarity around cancellation and premium obligations. The two dissenting insurers cited concerns about potential enforcement issues and increased administrative costs, rather than opposition to the principle of the clause. One broker provided commentary without stating a clear position but acknowledged the clause is already widely used in practice. Overall, there was broad consensus that the clause offers a clear and balanced approach beneficial to both insurers and insureds.

3.4 Claims handling where only partial premium has been paid at cancellation

27. RICS regulated firms expressed a range of views on how claims should be handled where only part of the premium has been paid at the point of cancellation. Some argued that claims should still be honoured for the period during which cover was in effect, provided a pre-agreed payment schedule (e.g. monthly or quarterly) was in place. Others felt that the firm should be liable for any unpaid premium before the insurer is obliged to respond to a claim. There was general agreement that clearer terms are needed to set expectations on how partial payments interact with policy obligations.

28. Insurers and brokers were more consistent in their responses. The majority stated that claims would not be paid unless the full premium had been received. Several insurers referred to standard policy terms or premium payment clauses to support this position, emphasising that full payment is typically a precondition for indemnity. A few insurers noted that unpaid premium amounts could be deducted from any claim settlement, rather than resulting in an outright denial of cover.
29. A minority of insurers indicated more flexibility, suggesting that each case would be reviewed on its merits. These respondents generally confirmed that claims notified before cancellation might still be valid, though no refund would be issued for unused cover. One insurer noted that partial payments are rare in practice due to premium collection typically being handled through intermediaries.
30. In summary, while insurers largely support a strict approach requiring full premium payment, firms expressed more varied expectations. The responses highlight the importance of clearly defining the treatment of partial payments to ensure consistent and fair outcomes.

3.5 Handling claims and cancellations involving premium finance arrangements

31. Respondents were asked how claims and cancellations should be handled where a premium finance company has paid the insurer on behalf of the firm, but the firm has failed to repay the finance company.
32. Insurers generally agreed that once the premium has been received by the insurer, the policy remains valid regardless of any issues between the firm and the finance company. Most insurers emphasised that their primary concern is receipt of the premium. Some noted that claims would not be honoured if the premium had not yet reached the insurer. In cases where cancellation was initiated by the finance company due to non-payment, several insurers indicated that the return premium would be calculated based on time on risk, provided no claims had been made.
33. Some insurers also noted that outcomes in these scenarios may depend on the specific contractual relationships between the insurer, finance company, and insured. However, there was broad agreement that once the insurer is paid, their obligations are governed by the policy terms.
34. Although this question was not directed at firms, a small number responded. These firms generally considered it the responsibility of the finance company to manage repayments. Some suggested that upfront payment would avoid such issues, and others noted that firms should remain accountable for meeting their financial obligations, with a potential role for RICS in reinforcing this through its rules.

3.6 Premium payment period: Assessing the reasonableness of a 60-day term

- 35. The majority of both RICS regulated firms and insurers agreed that a 60-day period to pay insurance premiums is reasonable.
- 36. Among RICS regulated firms, 58 out of 74 respondents supported the proposed term, describing it as fair and practical. Of the 11 firms that disagreed, most favoured a shorter window, typically 30 days, citing concerns about firms delaying payment or failing to manage obligations responsibly. A few respondents were unsure, noting variability in commercial arrangements.
- 37. Among insurers, 8 out of 12 supported the 60-day term, while a minority preferred shorter timeframes (30–45 days), arguing that these better reflect standard market expectations and encourage prompt payment. One insurer had no clear preference.
- 38. In general, while 60 days was widely supported, some respondents acknowledged that shorter periods may be appropriate in certain cases, particularly to reduce the risks associated with late payments.

3.7 Reasonableness of 30-day notice period for cancellation

- 39. Most respondents agreed that a 30-day notice period for policy cancellation is reasonable. Among RICS regulated firms, 78% supported the 30-day notice period, viewing it as an appropriate timeframe for firms to manage changes and secure alternative cover. However, 12 firms expressed a preference for longer periods (typically 60 to 90 days), particularly in complex cases.
- 40. Among insurers, two-thirds (10 out of 15) supported the 30-day period as fair and proportionate. The remaining five preferred shorter periods, with some suggesting 15 days would better align with internal systems or current practices.
- 41. Overall, the responses reflect broad support for a 30-day cancellation notice period, with some divergence on whether longer or shorter periods might be more suitable in specific circumstances.

3.8 Unintended consequences of proposed cancellation changes

- 42. The consultation asked whether the proposed changes could have unintended consequences. A total of 47 RICS-regulated firms and 9 insurers or brokers responded.

43. Just over half of the firms that responded (24 firms) stated they did not foresee unintended consequences. Eight firms highlighted potential issues, including increased premiums, delays in securing replacement cover, and difficulties for firms using monthly or financed payment arrangements. Concerns were also raised about the impact on smaller practices, potential instability in the insurance market, and risks of insurers withdrawing from providing cover. Nine firms were unsure, and six submitted further comments echoing these concerns.
44. Among insurers and brokers, most did not anticipate significant negative consequences but identified potential risks. These included increased administrative burdens, higher costs, and reduced flexibility to cancel policies close to renewal. Some flagged uncertainty about how claims would be treated during the notice period. A few raised concerns about insureds cancelling more frequently, leading to market disruption. There was also some confusion around how the 90-day timeline (60-day payment period plus 30-day notice) would function in practice. A small number noted that while no immediate concerns had been identified, issues could emerge over time as the market adapts.

3.9 Further comments on proposed cancellation changes

45. 32 RICS-regulated firms and eight insurers provided additional comments on the proposed changes. Around 20 firms had no further input, indicating they were generally satisfied with the proposals. Others offered suggestions to improve clarity, including a call for cancellation notices to be sent both electronically and in writing to ensure delivery. A few firms raised concerns about insurers cancelling without adequate notice or cancelling in response to undeclared matters that could impact operations. Some suggested that RICS could play a more active role in monitoring PII renewals and flagging non-renewals.
46. Among insurers, four had no further comments. Others offered a range of suggestions. One proposed that cancellation should be allowed ab initio if payment was not received within 30 days. Another suggested the original proposal (60-day payment period with a 30-day notice period) struck a fair balance. One insurer proposed a slight variation: a 45-day payment period followed by a 15-day notice period.
47. Overall, while most respondents welcomed the clarity provided by the proposed changes, views varied on the optimal payment and cancellation structure. Some also called for stronger oversight and clearer communication to support firms and maintain confidence in the PII market.

3.10 RICS response and next steps

48. Following careful consideration of the consultation feedback and approval by the SRB, RICS is proceeding with incorporating a cancellation clause into the Minimum Policy Wording. This

decision reflects strong support from both insurers and RICS regulated firms for greater clarity, fairness, and consistency in the handling of policy cancellations due to non-payment of premium.

49. RICS is adopting a modified version of the widely used LSW3001 premium payment clause, which clearly outlines the procedures and timelines for policy cancellation. The key provisions are as follows:
- 30 day premium payment period: Firms will have 30 days from the policy inception date to pay the premium.
 - 30 day cancellation notice: If the premium remains unpaid after this initial period, insurers must provide a further 30 days' notice of cancellation to the firm's insurance broker or intermediary.
 - Consecutive timelines: These periods run consecutively, providing firms with a total of 60 days to make payment before the policy can be cancelled. This ensures fairness and sufficient time for firms to resolve payment issues.
 - Claims protection: Where a claim is notified prior to the termination date, the policy will respond in accordance with its terms, subject to full payment of the outstanding premium.
50. This change is intended to promote transparency, aligns with established market practice, and helps protect clients and firms from inadvertent lapses in coverage. It also reinforces insurer accountability by ensuring cancellation procedures are clearly communicated and consistently applied.
51. RICS considers that these changes strike a reasonable balance between providing firms sufficient time to meet their premium obligations while maintaining insurer's ability to protect their financial interests. It also ensures that RICS regulated firms and their clients receive adequate notice and protection in the event of a cancellation.

4 Cancellation of PII policies by RICS regulated firms

4.1 Background and proposal for change

52. While the previous section addresses insurer-initiated cancellation, the Minimum Policy Wording had not previously set out any position on the rights of RICS regulated firms to cancel their PII policies. In the absence of a standard provision, RICS became aware of

inconsistent approaches across the market, with some insurers refusing to permit cancellation by firms in certain circumstances.

53. To address this gap and provide clarity and fairness for both parties, RICS proposed incorporating a new provision into the Minimum Policy Wording that would expressly permit cancellation by RICS regulated firms. In the consultation we proposed a change that:
- A firm could cancel their policy by giving 30 days' written notice to the insurer; and
 - In the event of a cancellation, the insurer would return the unused portion of premium on a pro-rata basis, or where a claim had been notified during the policy period, on a just and equitable basis.
54. The proposal was aimed to align the Minimum Policy Wording with standard market expectations, ensure fair treatment of RICS regulated firms, and avoid unnecessary disputes around cancellation rights. It also sought to ensure that where a firm no longer required cover due to restructuring, closure, or alternative arrangements, there was a clear and reasonable mechanism for bringing the policy to an end.

4.2 Summary of consultation feedback

55. The consultation asked several questions about the proposed changes to cancellation provisions for firms. The following sections summarise the responses received.

4.3 Feedback on clarifying cancellation provision for firms

56. A total of 93 RICS regulated firms and 22 insurers responded to the consultation question on clarifying how firms can cancel PII policies within the Minimum Policy Wording.
57. Among RICS regulated firms, the majority (79 out of 93) supported the proposal, welcoming clearer guidelines and a formalised process for cancellations. Many respondents noted that a structured approach would enhance operational flexibility, but several emphasised that cancellation should only be permitted when replacement coverage is immediately secured, to avoid gaps in protection. Three firms opposed the proposal, arguing that existing RICS regulation already requires continuous cover and highlighting the importance of maintaining run-off arrangements when firms cease trading. Eleven firms were unsure, largely seeking further clarification on how cancellations would be managed in practice and how premium returns would be handled.
58. Insurer responses were more mixed. Ten insurers supported the proposal in principle, often with conditions such as allowing cancellation only when no claims have been made or

circumstances notified. Many also stressed that any premium return should remain discretionary, depending on policy terms. Seven insurers opposed the proposal, citing concerns about the subjective standard of what is “just and equitable” for refunds, and cautioning against permitting cancellation after a claim or circumstance becomes known. Four insurers were uncertain and sought further clarity about the mechanics of cancellation, raising concerns about potential gaps in cover if firms switch insurers for more competitive terms. One insurer expressed similar reservations without providing a formal position.

59. In summary, there was strong support among firms for clearer cancellation provisions, provided continuous cover is maintained. Insurers highlighted the need for careful management of cancellation rights, premium returns, and potential unintended consequences for the market and clients.

4.4 Reasonableness of 30 day notice period for insurers and firms

60. A total of 93 RICS regulated firms and 12 insurers responded to the consultation question on whether a 30-day notice period for cancellation is reasonable.
61. Among firms, there was broad agreement, with 85 out of 93 respondents supporting the proposal. Many noted that 30 days aligns with industry norms and provides adequate time to secure replacement coverage and avoid lapses. Four firms disagreed, suggesting a longer notice period may be necessary for firms with more complex insurance needs. Another four were unsure, citing the need for more clarity on how the notice period would be applied in practice.
62. Among insurers, eight out of 12 supported the 30-day period as reasonable. However, some suggested that a shorter period such as 15 days, might be more appropriate in straightforward cases, better aligning with operational needs. One insurer expressed uncertainty, requesting further clarity on how the proposed timeframe would apply across different types of policies.

4.5 Reasonableness of pro-rata return of premium

63. The majority of firms (106 out of 119) considered a pro-rata return of premium to be reasonable, citing principles of fairness and transparency. Respondents felt that insured parties should only pay for the coverage actually used, making pro-rata refunds appropriate in cases of cancellation or amendment. A small number (six firms) disagreed, expressing concerns about exposure to excessive claims, while seven were unsure.
64. Insurer responses were more divided. Four insurers supported the principle of pro-rata refunds, emphasising fairness. However, seven opposed the proposal, citing potential negative impacts on market stability, claims risk, and administrative burden. Several noted that if claims

have been notified, the full premium should remain payable. Four insurers were undecided, noting that their stance would depend on factors such as claim status and timing of the cancellation.

65. In summary, there was strong support among firms for a pro-rata return of premium, while insurers' views were more mixed, with concerns centring on operational complexity, market impacts, and claims-related risk.

4.6 Potential unintended consequences of introducing this change

66. Thirty-one firms responded to this question. Fourteen saw no likely unintended consequences, suggesting the changes would be straightforward to implement. Five were unsure, raising potential issues such as compliance costs and administrative burdens. Another five firms identified possible adverse effects, including higher premiums and increased operational costs. Four responses raised concerns about the risk of coverage gaps and challenges in obtaining insurance if cancellations are not carefully managed.
67. Among the ten insurer responses, three expressed concerns about mid-term cancellations and policy rewrites, warning that these could destabilise the market, increase premiums, and create risks such as money laundering. Three insurers foresaw no significant issues, while four were uncertain, particularly regarding pro-rata refunds. These respondents noted complications could arise in cases involving pending claims or changes in circumstances.
68. Overall, while most firms did not anticipate major unintended consequences, both firms and insurers highlighted potential risks including market instability, administrative burden, and the possibility of coverage gaps.

4.7 Additional comments on the proposed changes for the cancelation of PII policies

69. Of the firms responding to this question, most (15 out of 23) had no additional comments. The eight that did respond raised a number of practical suggestions and concerns.
70. Key themes included the need for enhanced oversight and communication with RICS when policies are taken out, cancelled, or amended. One suggestion was that members be required to notify RICS within 30 days, providing details of replacement cover or reasons for not securing it. Some respondents advocated for more flexible insurance options, including short-term policies for professionals retiring during the policy year. Others raised concerns about insurer conduct, including unexplained cancellations with minimal notice, and suggested the need for clearer obligations on insurers to provide justification and fair warning.

71. Consumer protection was also a theme. One firm proposed that premium payment deadlines should begin from the date an invoice is received, rather than from the renewal date, to protect clients from broker-related delays. Several firms emphasised the importance of robust run-off provisions for firms ceasing trading, and called for simple, practical procedures, such as notice to the insurer and pro-rata refunds, to support orderly closure.
72. Insurer feedback focused on clarity and fairness. Some supported the principle of pro-rata refunds, provided no claims or circumstances have been notified, while cautioning that small refunds may be disproportionate to the administrative effort and should remain discretionary. Several raised concerns about the vagueness of the term "just and equitable", recommending clearer, more objective language to prevent disputes. One insurer suggested strengthening enforcement mechanisms, for example by requiring payment within 30 days or enabling cancellation for non-compliance.
73. Insurers also warned against introducing rules that could shift the balance too far in favour of insured parties, citing difficulties experienced in the solicitors' PII market. Questions were also raised about how the proposed changes would interact with run-off cover and RICS notification requirements, suggesting a need for further clarification in guidance or policy documentation.

4.8 RICS response and next steps

74. Following consultation, RICS has decided to proceed with amendments to the Minimum Policy Wording to introduce clearer and more consistent provisions for cancellation of PII policies by RICS regulated firms.
75. The Minimum Policy Wording will include a new clause allowing firms to cancel their PII with 30 days' written notice, but only in specific, limited circumstances:
 - Where there has been a material change in risk and the insurer does not offer ongoing coverage on commercially fair and reasonable terms;
 - Where the firm has been absorbed into another practice;
 - Where the insurer's credit rating has been downgraded below BBB (Standard and Poor's) and/or B+ (A.M. Best); or
 - Where cancellation is mutually agreed between the firm and the insurer.
76. In all cases, cancellation is conditional on the firm having obtained replacement insurance that complies with RICS' approved Minimum Policy Wording and PII requirements. These changes respond to strong support from regulated firms for a more structured and transparent

cancellation process, while incorporating safeguards to maintain consumer protection and address key concerns raised by insurers.

77. Where a policy is cancelled under these provisions, the insurer will return premium on a pro-rata basis for the unexpired period of cover, unless by the date of cancellation the insurer has paid and/or reasonably reserved an amount, taking into account its ability to evaluate the financial impact, in respect of a claim or circumstance being notified during the policy period. In such cases, the insurer will refund a just and equitable portion of the premium, taking into account any payments made or reserves held. This approach balances fairness and flexibility, allowing both parties to agree an appropriate return based on the specific facts of the cancellation.

5 Notification to RICS of cancellation of policy

5.1 Background and proposal for change

78. Under the terms of the listed insurer agreement between RICS and participating insurers, insurers are required to provide RICS with a minimum of five working days' notice of their intention to cancel the current PII policy of a regulated firm, other than at the natural expiry of that policy.
79. However, evidence suggests that this requirement is not always being met. While the cancellation of a PII policy is primarily a matter between the firm and its insurer, the purpose of this clause is to ensure that RICS is aware when a regulated firm may be left without adequate and appropriate PII cover. The notification requirement also enables RICS to offer support where appropriate, particularly in cases where cancellation arises due to non-payment of premiums.
80. RICS acknowledges that its capacity to assist firms in such situations may be limited and that many issues are more effectively handled by the firm's insurance broker. Nevertheless, where support is possible, the current five-day notice period has proven too short to allow meaningful intervention. It does not provide sufficient time for RICS to contact the firm, help resolve misunderstandings with the insurer, or explore alternative arrangements to maintain continuous cover. Moreover, timely notification is essential for RICS to discharge its regulatory responsibilities, including taking appropriate action if a firm has failed to secure compliant PII following cancellation by its incumbent insurer.
81. The consequences of sudden cancellation can be serious. A regulated firm operating without valid PII risks significant exposure for both the firm and its clients.

82. To address these issues, RICS proposed in the consultation document to extend the minimum notice period from five working days to 30 calendar days and to incorporate this requirement into the Minimum Policy Wording. This change is intended to provide a more practical framework for managing policy cancellations, particularly where non-payment of premiums is the underlying cause.
83. In addition, following engagement with insurers, RICS recognised that insurers' internal systems may not consistently flag when a policy relates to an RICS-regulated firm. To address this operational limitation, the consultation proposed that insurers be permitted to delegate the notification obligation to their appointed broker or agent, who would then issue the required notice to RICS on the insurer's behalf. It was considered that this delegated model would improve compliance with the notification requirement and facilitate more timely communication.
84. RICS considered that these proposals would support better outcomes for both insurers and regulated firms. A longer notice period would allow insurers more time to resolve payment issues and provide RICS with a meaningful opportunity to help firms avoid a lapse in cover. It would also reduce the likelihood of cancellation due to miscommunication and make the process more transparent, ultimately reducing the potential for disputes.

5.2 Summary of consultation feedback

85. The majority of RICS regulated firms who responded (over 100 responses) supported the proposed extension of the notice period from five working days to 30 calendar days. Many respondents felt that a longer notice period would enhance regulatory oversight, provide firms with more time to arrange alternative insurance cover, and offer better protection for clients and the public. A small number of firms selected "don't know," while a few opposed the proposal.
86. Most insurer respondents also expressed support for extending the notice period. Some insurers suggested that any revised process should allow for simultaneous notification to RICS and the insured party to streamline administration. Among those who opposed the proposal, concerns were raised about the difficulty of applying a fixed 30-day notice period across different policy structures, particularly in the context of layered insurance arrangements. Some respondents suggested that a shorter notice period might be more practical. Overall, there was strong general support for the principle of a longer notice period, accompanied by recognition that the practicalities of implementation would be important.

5.3 Delegating notice of cancellations to agents and brokers

87. A strong majority of RICS-regulated firms (94 out of 119 respondents) supported the proposal to allow insurers to delegate responsibility for notifying RICS of policy cancellations to agents or brokers. Respondents generally viewed this as a logical and efficient change, aligned with existing industry practice and likely to support faster communication. Several firms emphasised that brokers are already closely involved in managing client relationships and are therefore well positioned to take on this responsibility.
88. A smaller number of firms (14 respondents) opposed the proposal. Their concerns focused on the risks of miscommunication, delays, or reduced accountability if brokers, rather than insurers directly, were responsible for regulatory notifications. Some felt that formal cancellation notices should remain the direct responsibility of the insurer to ensure regulatory certainty.
89. A further 11 respondents indicated that they did not know, with many suggesting that while delegation could be appropriate, it would need to be underpinned by clear guidance and robust oversight.
90. Among insurers, a majority (9 out of 14 respondents) also supported the proposed change. Those in favour cited practical benefits, particularly where internal systems or resourcing challenges made direct notification by insurers more difficult. Delegation was viewed as a workable solution, provided brokers were willing and capable of fulfilling the role effectively.
91. However, a smaller group of insurers (4 respondents) opposed the proposal, citing concerns about legal enforceability, broker readiness, and the risk of inconsistent compliance. Some questioned whether brokers would accept this responsibility and suggested that additional contractual arrangements or systems changes would be required. One insurer expressed uncertainty, noting that the suitability of delegation might depend on the reason for cancellation and the specific operational context.
92. While there was support in principle for allowing delegation of cancellation notices to brokers, the consultation highlighted a number of practical and legal challenges that would need to be addressed to ensure successful implementation.

5.4 Client confidentiality and notification provision

93. Of the 123 RICS-regulated firms who responded to this question, 42 agreed that incorporating the notification requirement into the Minimum Policy Wording would address client confidentiality concerns; 9 disagreed, and 72 responded "don't know." Supporters believed that contractual wording would provide a clear legal basis for disclosure to RICS. Those opposed argued that even with this provision, notifying RICS could still risk breaching client confidentiality if clients had not been informed or had not consented. The high number of "don't know" responses indicated widespread uncertainty and a need for further clarification.

94. Thirteen insurers responded to this question. Three agreed that the proposed wording would resolve confidentiality concerns; one disagreed; eight responded “don’t know,” and one selected “unsure.” Those in favour believed the Minimum Policy Wording could provide a contractual basis for disclosure. However, the majority expressed uncertainty and emphasised the importance of reviewing the final policy terms before reaching a conclusion. Without further clarity, there remains significant doubt over whether the proposed change would be effective or legally sufficient.

5.5 Unintended consequences of this change

95. Among RICS regulated firms, there were 28 responses to this question. Fourteen stated there were no unintended consequences; seven said they didn’t know; another seven indicated they were not aware of any; and one identified a specific issue. A small number of respondents were unsure or provided additional comments. While most did not foresee major problems, some highlighted the need for a clearly defined notification process to avoid confusion or delays. Minor concerns were raised about potential errors in notification and the importance of ensuring all relevant cancellation scenarios are covered. Overall, firms did not anticipate significant unintended consequences but emphasised the importance of clear and careful implementation.
96. Insurers submitted 10 responses. Four said there were no unintended consequences, while six insurers raised comments. These included capacity constraints, increased costs and liabilities for brokers, delays due to manual processing, and challenges related to broker delegation, particularly where premium finance arrangements are involved. Concerns were also expressed about confidentiality risks when notifying RICS. Overall, insurers considered the proposal likely to introduce a range of practical and operational challenges.

5.6 RICS response and next steps

97. Following careful consideration of the consultation responses, RICS is proceeding with extending the notice period for insurer notifications of policy cancellation from five working days to 30 calendar days. This change received strong support from both RICS regulated firms and insurers, who agreed that a longer notice period would enhance regulatory oversight, provide firms with more time to secure alternative cover, and reduce the risk of unintended gaps in client protection.
98. To address concerns raised during the consultation about client confidentiality, RICS has decided to implement this change through the Listed Insurer Agreement, rather than through the Minimum Policy Wording. This approach will ensure that the requirement applies to insurers participating in the listed scheme, without affecting the contractual relationship

between insurer and insured. RICS considers that this method provides a practical and proportionate solution, and one that avoids introducing unnecessary complexity or risk into the policy wording itself.

99. While some support was expressed, particularly by regulated firms, for allowing insurers to delegate responsibility for issuing cancellation notices to agents or brokers, a number of respondents, especially among insurers, raised concerns about legal enforceability, broker readiness, and clarity of accountability. As a result, RICS does not intend to formalise delegation arrangements within policy or regulatory documentation. However, we acknowledge that insurers may, where appropriate, choose to delegate this function operationally.
100. RICS is mindful of the need to avoid disruption to insurer systems or internal processes. We will maintain the current flexibility within the Listed Insurer Agreement, allowing each insurer to determine the most appropriate operational method for meeting the updated notification requirement.

6 Consumer run-off cover

6.1 Background and proposal for change

101. Since 2019, the RICS Minimum Policy Wording has required insurers to provide automatic consumer run-off cover in the event that a regulated firm ceases trading. This provision ensures that consumers retain access to PII protection for a period of six years from the date the firm's policy expires. During this period, the insurer must provide cover for consumer claims under a single, aggregated limit of indemnity.
102. The run-off cover is triggered automatically, without the need for any further action by the firm, provided that the annual premium for the policy in place at the time the firm ceases trading has been paid. Insurers have had the right to charge an additional premium for this run-off cover, and while this is not explicitly stated in the Minimum Policy Wording, it reflects standard market practice. Importantly though, insurers are not permitted to cancel the consumer run-off cover for non-payment of any additional premium.
103. Although the core consumer run-off protections have been in place for several years, practical and interpretive issues have emerged that required clarification. These include uncertainties around how and when the cover is triggered, the transparency of insurer charges, and the extent of communication between firms and insurers when a business ceases to trade. In response, RICS undertook a consultation to test several proposals designed to clarify and reinforce the existing consumer run-off arrangements, without fundamentally altering the protections provided.

104. The consultation set out five key issues and associated proposals:

1. *Cancellation due to non-payment of premium:* RICS proposed clarifying that the consumer run-off provision applies only where the annual premium for the policy has been paid. We suggested amending the Minimum Policy Wording to confirm that partial payment (e.g. by instalment) would still be sufficient to trigger cover, thereby aligning the clause with practical application and ensuring consistency in interpretation.
2. *Clarification of consumer versus commercial run-off:* We proposed to amend the title of the relevant clause in the Minimum Policy Wording to make clear that it applies solely to consumer run-off, as some firms and brokers had queried whether it extended to commercial clients.
3. *Insurer's right to charge a premium:* To improve transparency, we consulted on whether the Minimum Policy Wording should more clearly state that insurers may charge an additional premium for consumer run-off. Two options were proposed: (a) clarify that the premium is included in the policy cost at inception; or (b) confirm insurers may charge a separate amount at the point the firm ceases trading. The aim was not to change current practice but to ensure firms and brokers better understand how such charges are applied.
4. *Notification to insurers:* Insurers raised concerns that they are not always made aware when a firm has ceased trading and consumer run-off has been triggered, particularly where the firm has since moved to another insurer. This lack of transparency creates uncertainty about insurers' ongoing liabilities. RICS therefore proposed introducing a requirement for firms to notify their insurer, either directly or via their broker, within 30 days of policy expiry to confirm cessation of trading and trigger the run-off provision. While this would introduce a new step for firms, it aimed to give insurers greater certainty and improve operational handling of liabilities.
5. *Gap between cessation date and expiry of policy:* RICS identified a potential gap in protection where a firm ceases trading shortly after the expiry of its insurance policy, meaning the consumer run-off cover would not be automatically triggered. We proposed extending the run-off provision to also apply where the firm ceases trading within 30 days of policy expiry and has not arranged replacement cover.

105. Across all proposals, the intention was to clarify the operation of the consumer run-off provision in the Minimum Policy Wording, improve transparency for firms and insurers, and support regulatory oversight, without removing or reducing the underlying protections available to consumers.

6.2 Summary of consultation feedback

106. A significant majority of RICS regulated firms (approximately 85%) supported the principle of consumer run-off being clearly addressed in the Minimum Policy Wording. Respondents welcomed greater clarity, seeing the provision as key to safeguarding consumers and ensuring consistent understanding of obligations when a firm ceases trading. Smaller firms and sole practitioners in particular valued the certainty that clear, automatic run-off coverage brings.
107. Some concerns were raised about potential financial and operational impacts, including the risk of increased costs and challenges in implementing notification processes. A minority of firms queried whether consumer run-off should be optional or separately arranged rather than automatically triggered.
108. Among insurers, 62% expressed support for consumer run-off in principle, emphasising its importance in maintaining protection for clients after a firm ceases operating. However, several respondents flagged concerns about financial exposure, particularly in scenarios where premiums are unpaid or only partially paid. Insurers highlighted the need for effective notification procedures to manage their liabilities and reserves, with some warning that requiring both a 30-day notification period and a 60-day premium payment window could reduce insurer capacity in the market.
109. Some insurers also questioned whether automatic consumer run-off should apply where no additional premium has been received, and called for more robust provisions to manage credit risk, ensure timely notifications, and clearly assign responsibility for triggering and funding run-off.

6.3 Options for addressing consumer run-off premium charges

110. The consultation sought views on two possible approaches to handling the cost of consumer run-off: (1) incorporating the premium into the annual policy cost, or (2) charging a separate premium when a firm ceases trading.
111. Among RICS-regulated firms, 33 respondents preferred the first option, incorporating the premium upfront, citing simplicity, predictability, and the benefit of avoiding unexpected charges during the wind-down of a business. This approach was particularly supported by smaller firms seeking cost certainty.
112. Conversely, 23 respondents favoured allowing insurers to charge a separate premium at the point of cessation, viewing this as more flexible and equitable. These respondents felt that firms should pay only when the coverage is required and appreciated the potential for better cash flow planning.

113. Fourteen firms were unsure which approach to support, often due to limited understanding of the financial and practical implications.
114. Among insurers, the preference was clearly in favour of charging an additional premium at cessation. Eleven insurers supported this option, highlighting the commercial viability and risk-based pricing it enables. Only two insurers supported bundling the run-off cost into the annual premium, citing simplicity but noting potential drawbacks such as inflating premiums for firms unlikely to require run-off. One insurer remained undecided.
115. Overall, while RICS regulated firms leaned toward the predictability of bundled pricing, insurers strongly favoured the flexibility and risk alignment of charging separately at cessation.

6.4 Potential unintended consequences of the proposed amendments

116. Both RICS regulated firms and insurers highlighted a number of potential unintended consequences arising from the proposed amendments.
117. Firms raised concerns about increased premiums, particularly affecting small practices, sole practitioners, and those nearing closure and questioned whether this could lead to reduced insurer choice. Administrative challenges were also noted, including the need to track instalment payments, handle run-off notification within specific windows, and navigate complex scenarios such as succession planning or partial firm closures.
118. Some firms felt the proposed changes lacked sufficient flexibility for businesses engaged in non-traditional or mixed services, and others suggested that run-off premiums should be payable as a lump sum to ease tax treatment and compliance.
119. Insurers echoed many of these concerns. Several noted that triggering run-off without full premium payment would expose them to unfunded liabilities and increased credit risk, particularly in a challenging economic environment. There was also concern about the burden placed on brokers to manage notifications and the potential for firms to evade obligations by reopening under new identities post-closure.
120. Insurers called for greater clarity in the drafting of the provisions, improved broker engagement, and strengthened safeguards to ensure firms remain accountable for premium obligations. Several insurers suggested further consultation would be required to ensure the arrangements are commercially sustainable and effectively balance consumer protection with operational viability.

6.5 Managing consumer run-off claims with partial premium payments

121. There was strong consensus among insurers that consumer run-off should only be triggered where the full premium has been paid. Many insurers indicated that, in the absence of full payment, no cover would be provided. This was seen as a necessary safeguard against unpaid liabilities.
122. Some insurers suggested alternative models for managing partial payment scenarios, such as pro-rata claims handling or deducting outstanding premiums from any eventual claim settlements. Others proposed treating such cases individually, depending on the circumstances of the firm's closure and the extent of the payment shortfall.
123. There were further calls for clearer separation of consumer and commercial run-off coverage within the policy wording, and for improved guidance on managing partial payment cases. A minority of insurers suggested that mechanisms such as the Assigned Risks Pool (ARP) could be explored to handle exceptional situations where consumer protection is still required despite payment issues.

6.6 RICS response and next steps

124. Following consultation, RICS is implementing a package of clarifying and reinforcing amendments to the consumer run-off provisions in the Minimum Policy Wording. These changes are designed to enhance transparency, align stakeholder understanding, and preserve the intended consumer protections, without significantly altering current insurer practices.
125. The revised Minimum Policy Wording now confirms that consumer run-off cover applies subject to the payment (or part payment) of the original policy premium. This ensures that eligible consumers will benefit from six years of cover, even in circumstances where the full premium has not been settled at the point of cessation, such as in cases of insolvency or financial distress.
126. To support clarity and reduce confusion with commercial run-off provisions, the relevant section of the Minimum Policy Wording has been retitled and revised to explicitly refer to consumer run-off cover. In addition, the Minimum Policy Wording now confirms that in the event of part payment, consumer run-off cannot be cancelled for non-payment of premium and insurers may not charge an additional premium for this cover. This approach simplifies implementation, removes potential operational barriers, and avoids creating circumstances in which consumer protection becomes contingent on further payments or negotiations at a time when the firm is no longer trading.
127. One of the more significant points of contention during the consultation was the issue of notification requirements. RICS had originally consulted on a proposal that firms should be required to notify their insurer upon ceasing to trade, in order to trigger the consumer run-off provisions. However, following consultation, we concluded that the potential for negative

impact on consumers outweighed the benefits of introducing a formal notification requirement.

128. As a result, the final position is that firms are not required to notify insurers when they cease trading in order for the consumer run-off cover to apply, however we will continue to encourage RICS regulated firms to do so. We recognise that this outcome has caused some frustration among insurers, many of whom have advocated for such a requirement in order to reduce uncertainty about when run-off is triggered. Insurers have noted the potential for administrative difficulties and disputes where there is no clear point of notification.
129. Nonetheless, RICS considers that maintaining an automatic run-off mechanism, without a procedural trigger, better supports the core objective of consumer protection. Introducing a requirement for formal notification could result in administrative failures, particularly in cases of insolvency or oversight, that leave consumers without recourse.
130. These changes are intended to provide a clearer and more consistent framework for all parties and to ensure that the consumer run-off provisions continue to operate in a way that is fair, proportionate, and effective.

7 Fire safety

7.1 Background and proposal for change

131. In late 2023, RICS undertook a consultation on PII arrangements, resulting in an updated Minimum Policy Wording effective from 1 July 2024. This update addressed fire safety coverage for buildings five storeys and above, as well as in the UK, coverage relating to external wall assessments (EWS) and fire risk appraisals of external walls (FRAEW).
132. Through its latest consultation, RICS identified three key changes prompting further consideration as outlined below.

7.2 Issue 1: Clarification of negligent act, negligent error, or negligent omission coverage

133. Some insurers have suggested that the wording needs to be clarified to ensure that non-negligence-based fire safety claims are not inadvertently covered under the civil liability coverage. RICS proposed to clarify this within the Minimum Policy Wording.

7.3 Issue 2: Return to pre-2020 coverage

134. In response to market uncertainty and legislative ambiguity, RICS granted a temporary dispensation from April 2020 allowing insurers to apply fire safety exclusions. Since then, the Building Safety Act 2022 has provided clearer roles and responsibilities around fire safety, enabling insurers to confidently underwrite related risks. Notably, RICS has observed no significant increase in fire safety claims, dispensation requests, or reliance on assigned risks pool due to fire safety coverage issues.
135. Accordingly, RICS proposed a return to the pre-2020 position, reinstating full civil liability fire safety coverage on an any one claim basis.

7.4 Issue 3: Definition of fire safety

136. Separately, RICS was also approached by the IUA, which raised concerns on behalf of its members that the definition of fire safety, specifically that 'external cladding systems, balconies or external wall system (including any insulation and/or fire breaks which form part of the wall system) of any building' is too narrow and does not offer sufficient protection for insurers.
137. Within the consultation, RICS outlined that it required further evidence of why the definition is considered too narrow and the specific risks that might require broadening the scope of the definition.

7.5 Summary of consultation feedback

7.6 Clarification of negligent act, negligent error or negligent omission coverage

138. Responses from both RICS regulated firms and insurers indicated strong overall support for clarifying the drafting in the Minimum Policy Wording to ensure that non-negligence-based fire safety claims are not inadvertently included under civil liability coverage.
139. Among RICS regulated firms, 46 supported the proposed clarification, 2 opposed it, and 28 responded with "Don't know." Those in favour emphasised the importance of specificity in the policy wording to avoid ambiguity. Several firms expressed concern that without clarification, liability could extend beyond what is intended, potentially creating uncertainty in the application of cover. Several also highlighted the need for alignment with legislative frameworks such as the Building Safety Act, especially for firms engaged in construction or fire safety-related work.
140. Of the 16 insurer responses received, all supported it. Insurers cited the need for clearer definitions to prevent unintended cover and ensure that only relevant claims fall within the civil liability provisions. Feedback also included calls for a more comprehensive definition of

fire safety, noting that the current wording may be too narrow and not reflective of the full range of internal fire safety risks commonly encountered in buildings.

141. Overall, feedback from both groups indicates strong support for refining the Minimum Policy Wording to better delineate the scope of civil liability coverage, manage risk exposure effectively, and improve alignment with statutory and regulatory requirements.

7.7 Assessment of the scope of fire safety definitions in the Minimum Policy Wording

142. Responses from RICS regulated firms revealed a broad range of views regarding the adequacy of the current definitions relating to fire safety in the Minimum Policy Wording. Of those who responded substantively, ten firms considered the definitions too broad, expressing concern that the wording may unintentionally encompass scenarios outside the intended scope, such as buildings that meet height criteria but do not present relevant risks. This perceived overreach was seen as potentially restricting professional practice and causing confusion over which materials and design features fall within the definition of fire safety. Some firms felt this breadth could unnecessarily limit surveyors' work, particularly involving older or unusual buildings.
143. By contrast, four firms considered the current definitions too narrow, arguing that the policy wording does not sufficiently address the complexity of fire safety issues, particularly regarding existing buildings and specific risks such as cladding and external wall systems. These respondents suggested greater specificity to ensure coverage is comprehensive and reflects real-world challenges. A small number of firms stated that the definitions were broadly appropriate or adequate, suggesting no immediate change was necessary. However, twelve respondents either answered "don't know" or did not express a clear opinion. A further four responses were ambiguous but called for improved clarity.
144. Insurer responses similarly indicated a need for revision. The majority of insurers (ten in total) felt the current definitions are too narrow, highlighting gaps in coverage for key fire safety elements including internal components, electrical systems, roofing, and evacuation measures. This lack of clarity and scope was seen as inconsistent with broader market definitions and regulatory developments. Several insurers called for policy wording that better aligns with new legislative frameworks and the evolving nature of fire risk management, helping to prevent potential coverage disputes and ensure robust underwriting.
145. One insurer indicated satisfaction with the current definitions, while two others made general comments supporting alignment with market practices but did not specify if the definitions were too broad or narrow.

146. In conclusion, both RICS regulated firms and insurers broadly agreed that the fire safety definitions in the Minimum Policy Wording would benefit from clarification and potential revision. Although views differed on the direction of change, there was strong support across both groups for greater precision, consistency, and responsiveness to fire safety challenges.

7.8 Further detail and evidence provided on the scope of fire safety coverage

147. RICS regulated firms generally expressed the need for clearer, broader, and more adaptable definitions relating to fire safety coverage. Ten responses indicated a desire for clarification of the fire safety definitions to reduce ambiguity and potential confusion. Specific concerns were raised about classifying various fire safety features, such as internal versus external systems. Several respondents emphasised the importance of clear definitions to ensure consistent application and to prevent unintended exclusions or over-coverage.
148. There was a mixed view on the scope of definitions. Eight responses suggested broader coverage would be beneficial to encompass all relevant fire safety elements, helping mitigate risks and ensure adequate protection. These respondents noted potential benefits for both consumers and professionals, although not all agreed broader coverage would address every risk. Others suggested more specific coverage is required, distinguishing between existing buildings and new builds, calling for precise definitions tailored to these contexts.
149. Concerns were also raised about the complexity of fire safety legislation, particularly ongoing regulatory evolution like the Building Safety Act. Some respondents noted the changing regulations pose challenges for professional liability.
150. Most insurers expressed concern that the fire safety definitions are too narrow and do not adequately cover critical fire safety elements. Key areas cited included fire doors, compartmentation, sprinklers, smoke extraction, fire alarms, and passive fire stopping, with internal features insufficiently addressed in current definitions. Insurers noted this could lead to coverage gaps, impacting underwriting decisions and potentially increasing premiums or reducing market participation.
151. Many insurers suggested aligning definitions with established market standards, such as those outlined by the IUA, which include a broader range of fire safety risks. There was a call for greater consistency with industry practices, particularly considering regulatory changes from the Grenfell Inquiry and Building Safety Act, highlighting the need for a comprehensive approach.
152. One insurer response focused on the narrow definition's impact, noting it alters policy structures, creating uncertainty. They emphasised difficulties in claims handling, particularly distinguishing internal and external fire safety issues, and potential liability gaps for insurers.

Insurers suggested broader definitions would improve clarity, better reflect regulatory evolution, and manage expectations for insurers and clients.

153. In conclusion, insurers largely advocated for broader, clearer fire safety definitions to address coverage gaps and align with emerging regulations. While narrower definitions may limit exposure, the majority view is that these can cause claims and underwriting issues. A more comprehensive definition would help avoid disputes, stabilise premiums, and align with industry standards and regulatory developments.

7.9 Insurer views on reinstating civil liability cover for building five storeys and above

154. Most insurers expressed opposition to reverting to full civil liability coverage for buildings five storeys and above, citing concerns that make such a move difficult currently. Only one insurer indicated conditional willingness to consider civil liability under specific terms, and another remained uncertain.
155. Key concerns included the evolving and unpredictable nature of fire safety risks, particularly for taller buildings. While the Building Safety Act and Grenfell Inquiry recommendations introduce changes, insurers noted unresolved issues such as internal fire safety risks, legacy liabilities, and unclear professional responsibility boundaries. Ongoing remediation efforts and emerging claims add to uncertainty.
156. The current claims environment also constrains insurers. Many cited unresolved large-scale fire safety and cladding claims impacting underwriting. Some referenced retrospective liability under the Defective Premises Act (up to 30 years) as increasing exposure. As a result, insurers have used retroactive dates and capped coverage to mitigate ongoing risks.
157. Several insurers warned that reverting to full civil liability could disrupt market stability, potentially causing insurer withdrawal, premium increases, or coverage limitations, particularly for higher-risk firms. They argued this could reverse market stabilisation achieved since 2021-2022, driven by cautious underwriting and limited fire safety coverage. They stated that despite clearer regulations, sector-wide shifts in construction and design practices have yet to occur.
158. Some insurers suggested fire safety cover for buildings five storeys and above could be offered selectively, on a go-forward basis with aggregate limits and underwriting based on individual firm risk management and compliance. However, they stressed a blanket return to civil liability is not practical or desirable currently.
159. One insurer expressed willingness to consider civil liability cover under conditions such as aggregate limits and alignment with post-2024 risk frameworks. The IUA echoed the market

view, advising against full civil liability for five-storey-plus buildings, noting current market improvements rely on policy limitations and reduced exposure. Reversal could jeopardise progress amid legacy claims, incomplete remediation, and limited enforcement of new regulations.

160. In conclusion, while some insurers showed conditional openness, the majority do not consider reverting to full civil liability for buildings five storeys and above feasible at this time. Most favour maintaining selective, aggregate-limited coverage based on firm risk profiles and caution about destabilising current market conditions.

7.10 Additional comments on fire safety coverage

161. In response to a general question on fire safety coverage, many regulated firms had no further comments or noted fire safety was outside their work scope and they had no view. However, some firms raised concerns about imposing fire safety coverage on firms not involved in fire safety, suggesting this could create unnecessary liability. A few distinguished between high-rise cladding issues and general fire safety in low-rise buildings, advocating for tailored coverage.
162. Insurers raised concerns about the removal or absence of retroactive dates, increasing exposure given the Defective Premises Act's 30-year liability. Many highlighted ongoing uncertainty around the Building Safety Act and regulatory changes, noting continuing claims emergence. There was consensus that broadening fire safety coverage now would be premature.
163. Several insurers warned against a "one size fits all" approach, stressing bespoke underwriting and broker facilitation to tailor coverage to individual risks. Differentiation between surveying work and construction/design roles was emphasised, with the latter bearing greater exposure. The general sentiment was caution about expanding coverage, with calls for more consultation and underwriting flexibility. While some noted tailored coverage could be offered case-by-case, they argued this should not become the new minimum standard.

7.11 RICS response and next steps

164. Following the consultation and careful consideration of responses from RICS regulated firms and insurers, RICS has taken decisive action to update the Minimum Policy Wording to improve clarity, alignment with market practice, and responsiveness to evolving regulatory developments.

7.12 Clarification of negligent act, error, or omission coverage

165. RICS has clarified that fire safety coverage under the Minimum Policy Wording where it applies strictly to claims arising from negligent acts, negligent errors, or negligent omissions. This amendment reinforces the original intent of the policy wording and addresses concerns about the potential inadvertent extension of coverage to non-negligence-based claims. The change provides greater certainty for underwriters, policyholders, and claimants, while maintaining access to appropriate coverage within the existing scope.

7.13 Definition of fire safety

166. In response to consistent feedback from insurers, including the IUA, RICS has revised the definition of fire safety to explicitly include internal fire safety components of internal walls. This update reflects current market standards and evolving fire safety risks, improving clarity, reducing ambiguity, and enhancing the consistency of coverage and claims handling. The revision strikes an appropriate balance between comprehensiveness and practicability.

7.14 Return to full civil liability coverage for building five storeys and above

167. While this remains a longer-term objective, RICS has not reinstated full civil liability coverage for fire safety at this stage. We acknowledge the significant concerns raised by insurers regarding legacy liabilities, ongoing remediation, regulatory uncertainty, and market stability. RICS continues to monitor these developments closely and maintain active engagement with the insurance sector, with a view to revisiting this issue when market conditions become more supportive.

8 Overall RICS conclusions and next steps

168. Following the consultation, RICS engaged further with most insurers to clarify and discuss the issues raised. We are grateful for their input and constructive engagement throughout this process. We also thank all RICS regulated firms who contributed to the consultation and shared their perspectives.
169. Taking account of the consultation responses and subsequent engagement, the RICS Standards and Regulation Board (SRB) has approved all of the changes outlined in this report.
170. The RICS Minimum Policy Wording and the RICS Professional Indemnity Insurance Requirements have been updated to reflect these changes. The amended documents will take effect from 1 July 2025, meaning that all RICS regulated firms in the UK and the Republic of Ireland must ensure that renewed cover from that date complies with the updated requirements.

171. RICS will continue to monitor the professional indemnity insurance market and engage with stakeholders, recognising the ongoing importance of supporting market stability and access to cover for the profession.