

*These notes relate to the Legal Profession and Legal Aid
(Scotland) Act (asp 5) which received Royal Assent on 19 January
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LEGAL PROFESSION AND LEGAL AID (SCOTLAND) ACT (ASP 5) WHICH RECEIVED ROYAL ASSENT ON 19 JANUARY 2007

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 3 – Legal Profession: Other Matters

Section 59: Scottish Solicitors Guarantee Fund: borrowing limit

157. **Section 59** increases the borrowing limit available to the Law Society of Scotland in respect of the Guarantee Fund from £20,000 to £1.25m. Under paragraph 2(2) of schedule 3 to the 1980 Act the Society may borrow money for the purposes of the Guarantee Fund in such manner and on such security as it may determine. The reasons for this increase are:
- The Scottish Solicitors Guarantee Fund has no cap on claims arising from dishonesty, but does have insurance cover for losses from £2m through to £5m which means that the Fund has to pay losses up to £2m from its own resources.
 - The Society does not hold £2m as assets of the Fund, but would expect to be able to finance between £0.8m and £1m.
 - On that basis it is considered that an overdraft limit of £1.25m would be sufficient to cover the shortfall.