

**LEGAL FOCUS**

**Why conversion to an LLP is attractive for brokers**

TOWARDS the end of 2010, Lockton announced it was planning to convert to a limited liability partnership (LLP) as its choice of business vehicle in the UK. The move was well timed, and it’s clear that the professional practices group at Lockton was well aware of the potential upside of this move.

It was not the first broker to become an LLP but, given Lockton’s position in the market, it’s clear why this was seen as a wise move. The reason is that the potential advantage is well understood.

Commenting on the change in status, Julian James, chief executive of Lockton, revealed one of the reasons for change: “We feel, as part of the continuing evolution of our business, we have found that the switch to a limited liability partnership is in the best interests of our clients and our business.”

The impact of managing partners having tax advantages is significant. The LLP structure also benefits many partnerships in terms of income tax savings and allows the business to be run as a limited company. The benefits of the new structure are clear: it allows for more flexibility in terms of how the business is run, with fewer restrictions on how the business is operated.

Brokers need to manage an LLP conversion with the FSA

O’Connors for buyers

O’Connors LLP has launched a new legal service for insurance buyers, offering direct access to a comprehensive package of legal support to help them secure best value for money from their insurance arrangements.

Paul O’Connor, partner at Liverpool-headquartered O’Connors LLP, said: “Innovative legal advice has developed for the insurance-buying community. In response to a demand from specialist insurance-related legal advice that is not readily available outside a small number of Magic Circle law firms, we have expanded our offering to meet the needs of insurance buyers.”

Buying insurance involves putting in place one of the most important contracts a business enters into each year, as insurer confidence in a company is determined by the strength of its balance sheet—which, in major parts, is underwritten by its risk transfer arrangements.

Market research, such as the recent Markets report, suggests there is inadequate legal input into the contractual part of the process, he added.