

# Professional Indemnity Insurance



The need for professional indemnity (PI) cover has grown over the past several decades as more people enter professional service-based occupations. While PI insurance still covers 'traditional' professionals, such as doctors, solicitors, accountants and architects, a new market of professionals now need to consider PI cover. Whether a traditional or new professional, you can protect yourself, your business and your reputation by investing in professional indemnity cover.

PI insurance safeguards against catastrophic losses in the event of a legal action due to a negligent act, error or omission by the professional. In addition to claims of error, omission or negligence, PI insurance may also protect against slander, libel and breach of contract.

## Who Needs PI Cover?

It is appropriate cover for anyone who gives advice, makes educated recommendations, designs solutions, or represents the needs of others. Professionals such as accountants, engineers, IT consultants, software developers, planners, estate agents and contractors are prime candidates for carrying PI insurance. The main reasons professionals seek out PI insurance include the following:

- It is legally required for their profession (Solicitors Act 1974).
- It is a regulatory requirement. Many professional organisations, such as the Architects Registration Board, require their members to have PI insurance before they can practise.
- It is contractually required by the customer.

- It provides extra protection against potential legal costs and expenses.

## PI Policy Overview

PI insurance offers protection for service errors, contract performance disputes or any other professional liability issues. These policies can include legal defence costs, damages and compensation due to professional negligence, which can be substantial.

PI policies generally have both a claim limit and an annual limit, which is based on the insured's exposure. The claim limit is the maximum amount that will be paid for any single event, and the annual limit is the maximum that will be paid in any one year. Also common extensions include continuation of cover, liability for loss of documents, and court attendance and staff disruption costs.

There are common exclusions typically found in PI policies, including liability for non-financial losses and intentional, dishonest or fraudulent acts by the professional.

## Count on Sirelark Risk Services

There are many different forms of professional liability insurance and various factors to consider when purchasing PI cover for your business. Because there isn't a standard policy, an experienced broker who understands your company and can knowledgeably design a policy to meet your needs is invaluable. Contact Sirelark Risk Services at 01603 343 053 to learn how PI insurance fits into your total risk management programme.

## Provided by Sirelark Risk Services

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