

YOUR LIMIT OF INDEMNITY – GETTING IT RIGHT!

If you are responsible for arranging your firm's PII cover, it's essential you are fully aware of all the factors affecting the level of cover your firm requires.

While some regulatory bodies provide their member firms with specific requirements for a minimum indemnity limit (often 2.5 times fee income) this is not an exact science and therefore can not assess your risk exposure.

Here is our short list of bullet points, which will help you to make an informed decision:

1. Professional Indemnity claims can take many years to reach settlement, in some cases (for larger claims) up to 10 years. The level of cover is fixed at the limit when the claim is first notified so would the level of cover still be adequate at the time of settlement? Factor this in when purchasing your cover.
2. Claimant's legal costs can double the amount of a PI claim. These costs form part of your limit of indemnity. Therefore you should ensure that your indemnity limit not only covers the potential client loss, but also their legal costs.
3. Statutory interest incurred over several years can significantly increase the amount of claim against you.
4. You know your client base better than anyone. It's better to consider the worse case claims scenario and expect the unexpected.

Not adequately considering your firm's true risk exposure could lead to a significant under-insurance situation, which is an unnecessary risk when insurance rates are currently low.

For specialist advice or more information on ensuring your level of cover is adequate, please call Professional Indemnity Ltd.

Phone **0845 2151 4000** or email us at:
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Our Fact Sheets contain general information only and are not a substitute for obtaining specific advice. If you would like advice regarding a specific issue, please contact our team on 0845 251 4000 or email info@professionalindemnity.co.uk