

The price of real security



# Economic conditions being what they are, professionals of all kinds are being squeezed as clients tighten their belts.

When times are hard, we're likely to see more clients seeking monetary redress for one reason or another. Here are some examples of the issues facing professionals in the current economic climate;

- an increase in the number of property repossessions resulting in lenders seeking to recover losses by claiming negligence or fraud against surveyors who carried out valuations for them
- an increase in mortgage fraud resulting in claims mainly against solicitors and surveyors but also accountants and estate agents
- as savings/investment/retirement plans diminish in value claims against financial advisers and accountants are increasing
- more companies becoming insolvent will mean an increase in claims against auditors
- cash flow problems have resulted in an increase in claims frequencies against consultants.

Regardless of whether the claim is well-founded, it will still have to be defended by those professionals. We're doing what's necessary to ensure that if we're needed, we're there for them.

As one of the UK's largest insurers, with vast experience to draw on, we can see trends before others do. So we know what action we need to take to do what's best for customers. We're working with our broker partners to reassure you through these difficult times, and to explain why we're continuing to make pricing changes. For Professional Indemnity, that might mean significant upward adjustments.

## **Long term, sustainable commitment**

We want to continue to offer Professional Indemnity cover in all the areas we have historically. Cover will be offered at the right price – a price that reflects the larger and more frequent losses the current economic climate will generate. We'll take those hits on the chin, but if we want to be sure we can be here for the long term – and we most certainly do – then we have

to maintain our overall margins. As a result, some of our selection criteria might have to become a bit tighter too.

### Why pay more?

Why buy insurance at all? If it were not a compulsory requirement of your professional body, would you go without it? In January 2008, probably 50% of firms might have saved the premium and trusted to luck. How many would take the chance today? Not many. The risks are all too apparent.

So, if you are buying insurance, first and foremost you want to be confident that the insurer will be there to pay the claim if you have one. After recent unprecedented events, which affected some of the largest institutions, it's not something you should take for granted. The cost of experienced personnel, competent lawyers and a secure infrastructure is governed by market prices. Logically, an insurer offering the cheapest deal in the market is probably not buying the best (or else they're foregoing a profit).

If you are looking for the best deal, bear in mind that your broker is required to assess your demands and needs and procure a contract of insurance that

both meets them and is 'certain'. If they don't recommend the cheapest, there's probably a good reason for that. We appreciate that it's not a time when price rises can be easily absorbed, but real security comes at a price. Unrealistically cheap rates may be on offer from others keen to win business short-term, but are they really sustainable? How would it affect you if your Professional Indemnity cover were suddenly withdrawn? Could you even trade at all?

By putting the work in now and adjusting rates, we can ensure we continue to be strong, are prepared for whatever is thrown at us and we don't get caught off guard.

### Unrivalled expertise

As specialists with long-established expertise in Professional Indemnity, we understand that you don't just need protection against financial loss – when it comes to the crunch, you need expert support, too.

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That's why we have a dedicated team, on hand to offer practical support: specialist claims and counselling services, for example, as well as confidential helplines offering expert advice on law and tax matters.

We also give your broker direct access to our specialist underwriters, who'll go out of their way to understand your business, and the risks you face – ensuring that you get the right cover, at the right price

“It's in every broker's best interests today to promote insurer security and best service. If trusted insurers decide to increase their prices to maintain standards of security and competence, then that should be supported.”

Roger Flaxman, ACII MAE

Chartered Insurance Practitioner, Flaxman Partners Ltd



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