



What you need to know about...
...your professional indemnity policy obligations



Call us Mon-Fri 9am-6pm

0345 251 4000

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Professional Indemnity Insurance – A Commercial Insurance Contract

Your professional indemnity policy is an important document. It is a contract between you and your Insurer and like any contract, it should be read and fully understood by all its parties. It is a commercial insurance contract and so unlike personal lines insurance, there is less recourse if you have a dispute with an insurer. Commercial insurance disputes are therefore best avoided.

One of the most common causes of a dispute with an Insurer is because the policyholder has not read their policy or not fully understood the wording. Therefore we always urge policyholders to take some time to read the document and let us know if they have any questions.

To assist we can summarise some key information below which should help the understanding of the obligations under the terms of a PI policy and therefore help to minimise the risk of a dispute arising in the future.

Material Facts or Information

Professional indemnity policies are subject to the doctrine of utmost good faith. This requires the buyer and seller to act honestly towards each other and not to mislead or withhold material information.

A material fact is information which could affect an Insurers view of you as a risk, the premium they charge and the terms they apply. You have an obligation to declare all material information at the renewal or inception of your policy.

Short proposal forms are very convenient but they can be a minefield for the unwary! Just because a proposal form doesn't ask the question, it doesn't necessarily follow that you won't need to disclose the information.

Your obligation to declare material information also is ongoing throughout the period of the insurance cover.

If you have any doubt as to what constitutes a material information please contact us on 0345 251 4000 for guidance.

Notification of a Claim or Circumstances which Could Lead to a Claim

If you or anyone in your business becomes aware of a claim or a circumstance which could give rise to a claim against you, whether verbally or in writing, you must notify us immediately, regardless of whether or not you consider the matter to be without merit.

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Also, some Insurers require they are notified even if the amount of the claim is likely to fall within the policy excess. This information is material and failure to notify a situation immediately could prejudice the position of you and of your Insurers. This may lead to a breach of the policy terms and conditions and the rejection of a claim by the Insurer.

In the event of a claim or potential claim you must not:

- Admit liability
- Take any action which could prejudice your Insurer's position or their ability to
- investigate the claim
- Enter into any claims correspondence without your insurers permission
- Settle or offer to settle
- Disclose your insurers involvement
- Disclose details of your professional indemnity policy

If you have any questions or need any further guidance you can talk to one of our professional indemnity specialists on 0345 251 4000 or email info@professionalindemnity.co.uk.