

PROFESSIONAL INDEMNITY INSURANCE AT A GLANCE

What is Professional Indemnity Insurance?

Anyone can make a mistake – but if your business is found liable for negligence, the costs can be financially devastating. Not only can it lead to an expensive lawsuit, but your business' hard-earned reputation may be damaged as a result.

That's why professional indemnity insurance matters – help protecting your assets and brand if your advice or services cause a client to take legal action against you.

"If you own a business, you can be liable for damages or injuries to another person or property ... consider [professional indemnity insurance] for your business if the likelihood of legal action is high."

Australian Government, Business.gov.au

Who should consider it?

Professional indemnity insurance is mandatory in some industries, such as medicine, accounting, law and financial advisers – with the requirements differing from state to state.

But even in cases where it's not required by law, it's recommended for anyone who is providing professional services or advice in exchange for a fee – like, graphic designers, IT consultants and more. And regardless of your legal obligation, it's often a customer requirement that you have this cover in place.

Did you know?

27.7%

In 2014 alone, professional indemnity and public and product liability claims increased 27.7%

(Insurancenews.com.au "Claims up, premium down for PI and PL", 2015)

\$1,362

\$1,362 million of gross premium during the 2016 underwriting year

(APRA, National Claims Policy Database, 2017)

701,000





701,000 PI risks written in the 2016 underwriting year

(APRA, National Claims Policy Database, 2017)

What can it cover?

As a wide-ranging insurance solution, professional indemnity cover may include anything from accidents to errors and omissions.

Depending on your policy, professional indemnity insurance can cover:

TYPE OF COVER	POTENTIAL BENEFITS
 Civil Liability	Civil liability to a third party arising out of the conduct of their professional business
 Inquiry Costs	The cost of defending an inquiry by a regulatory body into the professional conduct of the insured
 Defence Costs	The costs involved in defending a claim triggered by the policy
 Fidelity Cover	Direct financial loss of the business caused by the dishonest or fraudulent conduct of an employee which is first discovered during the period of insurance
 Advancement of Costs and Expenses	Additional costs and expenses incurred during a claim

What usually isn't covered?

Exclusions, the excess you need to pay and limits of liability can vary greatly depending on your insurer. Policies generally won't include cover for:

- Contractual or Commercial Liabilities
- Liability which results from Fraud and Dishonesty
- Pollution
- Depending on your occupation, Third Party Bodily Injury/Property Damage
- Unpaid fees

Important note

This information is provided to assist you in understanding the terms, implications and common considerations in professional indemnity insurance. It does not constitute advice, and is not complete, so please discuss the full details with your Steadfast insurance broker.

CASE STUDY

Michael is an engineer who designs the supporting foundations of a residential property. He makes an error with the site calculations – which leads to the slab cracking and a damage to the property of the owner. His company is liable for this loss, which could be anywhere between \$150,000 up to the full value of the house.

But because Michael has professional indemnity insurance, he's covered for this amount – as well as any legal expenses if the matter goes to court.

Find out more

Every business is different – which means you need an insurance solution that is tailored for you.
For more information, contact us today



Bob Weatherill (AR No 422656)
Riviera Insurance Services Pty Ltd
ATF Riviera Insurance Trust / CAR 422655
ABN 79 716 926 228 / ACN 158 238 129
03 5157 1698
rivierainsuranceservices@gmail.com

