

Key Features of Professional Indemnity Insurance

Professional indemnity (PI) cover offers protection against losses that result from legal action due to a negligent act, error or omission by your organisation. This form of insurance can also cover concerns such as slander, libel and breach of contract. PI cover is especially critical for organisations that provide professional advice, offer educated recommendations, design solutions or represent the needs of others. In fact, recent research from insurance experts revealed that the top contributors to the PI market include medical professionals, construction and design organisations, financial service providers and solicitors.

PI insurance policies are tailored to address your professional risks and organisational needs. Most PI cover includes the following key features:



Legal defence. If a client files a claim against you, you'll be required to defend yourself in court—regardless of whether the claim is justifiable. PI insurance will provide you with cover for all of your legal expenses associated with the case.



Legal compensation. In the event that a client wins their case against you, they will most likely be awarded the sum of money that was lost as a result of your advice. Depending on the claim, the client could also be awarded additional compensation. Both types of payments are covered by a PI policy.



Run-off insurance. Even though your organisation may no longer be operational, you may still have a claim filed against you. Run-off insurance helps to ensure that those claims are covered.



Fidelity guarantee insurance. Your organisation may experience a financial loss, or items from your property may be stolen as a direct result of fraud, theft or dishonesty by one of your employees. Fidelity guarantee insurance helps to cover the cost of what was taken.



Liability for breach of warranty of authority. If your organisation takes an action in good faith on behalf of your client, but you do not actually have the authorisation to do so, this warranty will provide you with the cover for any expenses accrued.



Collateral warranty. A collateral warranty provides a third party (eg a building owner) with the legal capability to enforce an original contract between you (eg a contractor) and your client (eg the building developer). With this in mind, a collateral warranty would allow the third party to claim their losses directly from you if you breach the original contract. In this instance, PI insurance can help cover the costs of that claim.

You can protect yourself, your organisation and your reputation by investing in PI cover.

Contact MacKay Corporate Insurance Brokers today to discuss bespoke PI insurance solutions.