

# 10 Reasons for Professional Indemnity Insurance

If a company is providing advice, design, skills or knowledge in a professional capacity, or handling intellectual property, they are wholly responsible for getting it right.

Professional Indemnity (PI) covers the insured against their legal liability to compensate third parties for injury, loss or damage due to a breach of duty in the conduct of their profession.

## CLAIMS EXAMPLE

A concert hall's acoustics were so bad that anyone sitting at the back of the hall couldn't hear what was happening on the stage. As a result, the company responsible for designing the acoustics was sued for negligence and the claim was settled for £35,000.

## CLAIMS EXAMPLE

A marketing agency printed some brochures for a client. Unfortunately, the printed document had the client's wrong contact details. The reprinting costs of over £12,000 were met by the agency's professional indemnity insurance.

These claims examples are for illustrative purposes only.



## 01 MISTAKES CAN HAPPEN

Companies strive to do the best by their customers. However, mistakes can happen, leaving companies open to large legal costs and compensation claims. Negligence is a core cover for PI and would provide protection against allegations made.



## 02 COMPULSORY OR OPTIONAL?

For many professions, such as chartered accountants and chartered surveyors, it's a regulatory requirement to have professional indemnity insurance in place. Not having this cover could mean a business is stripped of its regulated status, making it difficult to operate.



## 03 INTELLECTUAL PROPERTY

Unintentionally producing materials that infringe intellectual property rights, for example, using images to promote a business without the image owner's permission, could lead to the company being sued. Professional indemnity can protect a company against these legal costs.



## 04 NO INSURANCE, NO CONTRACT

Many people perceive that having professional indemnity insurance in place demonstrates a business is run professionally. Consequently, it's becoming more common for clients to request proof before signing a contract.



## 05 FINANCIAL VULNERABILITY

Providing advice or a service for a fee makes a company vulnerable. From SMEs to large corporations, professional indemnity insurance helps protect a company's financial vulnerability.



## 06 HANDLING SENSITIVE DATA

Even with adequate data protection and procedures in place, data can sometimes accidentally get lost. Professional indemnity insurance would cover the cost to replace or restore any damaged or mislaid documents including electronic or digital data.



## 07 EMPLOYEE NEGLIGENCE

Even with extensive staff training, the way employees carry out their work activities is ultimately beyond a company's control, leaving it exposed to liability claims. Professional indemnity insurance gives peace of mind in the event of an employee's negligence.



## 08 A DUTY OF CARE

In today's increasingly litigious world, people expect high standards of service and are more inclined to resort to legal action when they believe there's been a lack of duty of care. Professional indemnity insurance provides protection against such claims.



## 09 PEACE OF MIND

There's a lot to consider when running a business, especially the responsibility of getting things right. Professional indemnity cover takes away the legal and financial worries should a claim arise out of a breach of professional duty to ensure your client's businesses continues to operate as usual.



## 10 DEFAMATION COVER

Professional indemnity cover will provide protection against an accidental lapse in judgement resulting in a defamation or libel claim. For example, an employee sharing information on social media about a client which could be perceived as negative or slanderous.