



Professional Indemnity Insurance Claims Guide

This Claims Guide has been designed to give an overview of the technicalities behind the notification procedure to ensure that valid claims can be paid by your insurer.

Receiving a complaint from a client is always disappointing and is unfortunately ever more common in this increasingly litigious environment. It is of the utmost importance that the terms and conditions of your Professional Indemnity Insurance (PII) policy are understood and adhered to when dealing with any 'circumstance' which might ultimately lead to a claim.

As specialist PII brokers, we are regularly in contact with companies whose management and staff are unfamiliar with the terms and conditions of their PII policy, especially in relation to the identification, detection and notification of any potential circumstance which may lead to a claim. We would advise that management and staff are reminded of internal procedures as any failure to abide by the PII policy's terms and conditions could potentially leave your firm exposed even though appropriate insurance is in place.

We have outlined a number of key points below to consider when reviewing how prepared you and your staff are to adhere to the notification terms set out in your PII policy when dealing with a potential circumstance.

Who to notify

All notifications to your insurers should be forwarded directly to your Protean contact/Account Executive or to our Claims Department at the following address:

Claims Department, Protean Risk, 81 Gracechurch Street, London, EC3V 0AU

Tel: **0203 763 5340**

When to notify

As soon as you first become aware of a claim, or circumstance which may give rise to a claim, notification should be made immediately irrespective of:

- the amount which may be involved.
- your views or opinions on liability.
- whether you consider the claim or circumstances may be spurious or without merit.

It is essential that you are aware of any notification time limits in the claims notification clause and that they are adhered to. Failure to do so may nullify and invalidate your policy cover.

What to notify

Please ensure that the following information is provided to insurers:

- brief details of the nature of the claim or circumstances, including name(s) of actual or potential claimant(s) together with your views on the claim, or circumstances, and any allegations made or you anticipate being made against you.
- date of your first awareness of a claim or circumstance which might give rise to a claim.
- your estimate of the amount which may be involved.
- copies of any correspondence or documents in which a claim is made or allegations are implied, or expressed, against you.

What about claims that fall within the applicable excess?

All claims should be reported, regardless of whether they fall within your applicable excess. Failure to do so can nullify and invalidate your policy, especially if the amount claimed subsequently increases or there are connected claims.

Your duties in the event of a claim or circumstances which might give rise to a claim

- **Do not** admit liability.
- **Do not** settle or promise any payment.
- **Do not** disclose you have made, or are intending to make, a notification under your Professional Indemnity Insurance Policy.
- **Do not** take any action which might prejudice the insurers' position or their ability to investigate a claim, or circumstance, which is expected to be notified under Professional Indemnity Insurance Policy.

What is meant by “circumstances which might give rise to a claim”?

It can sometimes be difficult to establish what actually constitutes a 'claim' or 'circumstance' as the exact definition can differ from insurer to insurer and has different meanings in practice. The following should assist as a guide as to what may be deemed a circumstance but you should familiarise yourself with the exact definition within the wording of your own PII policy. A circumstance can be;

- any intimation by a third party, whether expressed or implied, written or verbal, of an intention to claim against you.
- any criticism or dispute, whether expressed or implied, relating to your performance, or of any party for which you are responsible.
- any awareness by you that any services provided or actions taken by you, or by any party for which you are responsible, may have failed to meet the standard required or have led, or may lead to, a third-party loss.
- a situation where you are having to investigate your work in order to justify your actions.

As a general rule, if you have to ask yourself whether a matter should be reported or not, then it probably should be, so discussing this with your broker or insurer at the earliest possible opportunity is essential.

When dealing with a claim or circumstance, the earlier a problem is identified and brought under control, the greater the likelihood of minimising its impact and cost. It is important to have the correct procedures and systems in place to deal with a notification when it arises, along with the ability to address any internal systemic issues to mitigate any future reoccurrence. Ensuring that Protean Risk and your insurer are kept apprised of the ongoing situation will allow you to draw on valuable experience and input to help in the defence of a claim.

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This Guide does not form any part of your Policy Document(s), it is of the utmost importance that the terms and conditions of your Policy Document(s) are read and adhered to. It is essential that any claim or circumstance is notified to insurers as soon as reasonably possible and is notified in a manner that is fully compliant with the claims notification procedures in your policy. It is advisable to ensure that you, and your staff, are familiar with the claims notification clause in your Professional Indemnity Policy and that you have an internal system in place to report any claims, or a circumstance which may give rise to a claim.



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