

Senior Wright indemnity

A guide to Professional Indemnity Insurance

Senior Wright Indemnity Ltd recognises the crucial work of the ABS, providing much-needed assistance to members of the Architectural community who have fallen on bad times. As such, we have created “**A policy designed to help**”. This Professional Indemnity Insurance policy is tailored to the Architectural profession and gives back to the profession – for every Architect policy we arrange with our participating insurer, we make a donation to the ABS.

What is Professional Indemnity Insurance?

Professional Indemnity Insurance (PII) covers your practice in the event that any negligent errors or omissions are made during the course of your business activity which causes a financial loss to your clients (whether direct or indirect). The policy would pay out for damages and cover the defence costs incurred in the claim.

Do I need it?

Without PII cover, you could be held personally liable for any claim (both the damages and legal costs) made against you as a result of your professional activities. Importantly, it is also stipulated in Standard 8 of the *Architects Code - Standards of Conduct and Practice* that, “Architects should not undertake professional work without adequate and appropriate professional indemnity insurance cover.” Having the cover in place not only protects your clients, but also you as a professional.

What should I look for?

A good PII policy for Architects will provide additional elements of cover such as Loss of, or Damage to, Documents; Breach of confidentiality; Breach of Intellectual Property; Dishonesty of employees and Directors; and compensation for court attendance.

If the wording is underwritten on a “civil liability” basis, this provides wider coverage than a standard “negligence-only” wording.

Innocent non-disclosure cover is particularly important, protecting you in the event that you innocently misrepresent material facts about your practice to Insurers.

What Limit of Indemnity do I need?

This question can only really be answered by the practice itself after making a realistic and honest assessment of the potential liability you could be exposed to (both damages and legal costs) if a claim were to be made. In deciding the amount of indemnity you require, you should give consideration to factors including, the level of your fee income, the type of work you undertake and the corresponding likelihood of a claim in that field, and the contracts you have taken on (both past and present).

The *Architects Registration Board* (ARB) recommends a minimum limit of indemnity of £250,000, though many practices buy more according to their exposure.

Take care to maintain a suitable level of cover as Professional Indemnity Insurance is underwritten on a “claims-made” basis. This means that it is the policy in force at the time a claim is made that responds, not necessarily the policy that was in place at the time the negligent act occurred. For example, a claim could be made against you this policy year for work that you completed three years ago, so it is imperative that you have the correct cover!

Nick Bender (Director)

Bethany Thomas (Development Account Handler)

Tel: 020 7680 5995

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Disclaimer: The ABS does not provide advice on Professional Indemnity Insurance, and does not endorse any specific policy. The ABS only allows Senior Wright to use their logo in connection with their Commercial Participator agreement.

The above, produced by Senior Wright Indemnity Ltd, does not constitute professional advice on the suitability of coverage and is intended as a general guide to Professional Indemnity Insurance only.
