

Professional Indemnity Information Summary

What is professional indemnity insurance?

Anyone can make a mistake – but if your business is found liable for negligence, or losses from real or perceived "bad advice", the costs can be financially devastating. Not only can it lead to an expensive legal dispute, but your business reputation may be damaged as a result.

Professional indemnity insurance protects businesses against claims of negligence or mistakes made while providing services or advice. It covers legal costs and damages if a client suffers financial loss due to errors, omissions, or breaches of duty. This insurance is essential for technology and IT professionals, as it helps safeguard their assets and reputation in case of lawsuits for help protecting your assets and brand if your advice causes a client to take legal action against you.

Why have Professional Indemnity?

Professional indemnity is typically the key risk mitigation for organisations operating in the tech and IT industry. Moreover, professional indemnity is contractually required by many corporate customers and Government.

Claims may be real or vexatious, but both must be defended, and this is where professional indemnity is crucial.

In the case of a claim, some tech and IT businesses may be drawn into a claim, despite believing they were not responsible. The defence of any claim normally involves engaging lawyers and more. This is when the professional indemnity policy will assist.

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What does professional indemnity cover?

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 else?

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
- Unpaid fees
- Cyber incidents
- Directors and Officers Claims



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