

Professional Indemnity FAQs

Q. What is Professional Indemnity insurance?

A. In its simplest form, Professional Indemnity insurance is designed to cover legal costs and expenses that might be incurred if you find yourself the subject of litigious action resulting from advice or guidance you have provided in your professional capacity. You might find that you are facing legal action as the result of a client believing that they been provided with sub-standard advice, designs or services and have, as a result, lost money. Facing a claim of this sort without adequate legal cover could have a significant impact on your business.

Q. What level of Professional Indemnity insurance should I buy?

A. There is no fixed and easy answer to this, and it depends on many factors. Some professional bodies or associations require professional indemnity cover, so if you're a member of a trade body, it's worth checking their membership criteria. After this, you need to look at the nature of the work you do:

- Do you have a contractual obligation? Some contracts stipulate a minimum level of cover, so it's worth checking your paperwork to see if a level is stated.
- Who do you work for? How big is your client, and do they have a track record of taking legal action against suppliers? Big clients with deep pockets don't necessarily sue as a matter of course when things go wrong, however they may have legal teams and be better equipped and more familiar with legal action than smaller clients.
- What type of work do you do, and what type of advice do you provide that could lead you open to the risk of being sued? What mistakes could you make in the course of your work, and what might the implications be?
- What is the worst mistake that you could make? How much might your client be out of pocket? They may want you to make good, or compensate them for remedial work, or both.
- How well do you know your clients? Knowing someone doesn't mean that they wouldn't sue you, but it might reduce the chances as you may be able to resolve matters between you.
- How much you might be sued for? This could relate to the amount that you charge for the job, as well as the costs of rectifying your mistake.
- Do your clients have a history of taking legal action against suppliers? You may have heard that a client sues when things go wrong as a matter of course.
- What might it cost to defend yourself, including legal fees etc? Legal fees can quickly mount up, including researching your case, writing letters or representing you in court.

Answers to each of the questions above can vary, and if you work for multiple clients or main contractors, your requirements may vary from job to job.

As you'll see, there are a lot of considerations, and you need to be confident that you're adequately protected, and ensuring that you have sufficient cover is your responsibility. Our Tradesman insurance policy includes £50,000 of Professional Indemnity cover if you choose either our Classic or Plus cover options. If you have further questions, or feel that you may require a higher limit, you can call our insurance team on 0844 856 6886. We offer standalone Professional Indemnity cover with higher limits, but cannot increase the amount of Professional Indemnity cover in our Tradesman's insurance policy.