



PROFESSIONAL INDEMNITY

ACCOUNTANTS — PROFESSIONAL INDEMNITY INSURANCE

OVERVIEW

Accountants Professional Indemnity Insurance (PII) is important for accountants in the UK to help protect against claims arising from the provision of accountancy services. This insurance is designed to offer financial protection against legal costs and damages, enabling accountants to operate with the confidence that they are shielded from excessive liability.

WHY ACCOUNTANTS NEED PROFESSIONAL INDEMNITY INSURANCE

- **Risk Management:** Mitigates the financial risks associated with potential legal actions arising from accounting services.
- **Client Contracts:** Many clients and projects mandate that accountants have PII.
- **Regulatory Compliance:** Required by professional bodies such as the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants in England and Wales (ICAEW), and the Chartered Institute of Management Accountants (CIMA).

Ensure you thoroughly review contract and regulatory requirements to confirm if professional indemnity insurance is required and, if so, under what specific conditions.

COVERAGE DETAILS

Coverage Limits:

- Regulatory requirements in the UK mean accountants must hold a minimum level of cover, which varies depending on their fee income. The minimum required limit is GBP250,000.
- Most small and midsize practices hold a limit between the minimum requirement of up to GBP10 million per claim.
- Higher limits can be arranged based on specific needs and client requirements.

Excess:

- Minimum excess starts from GBP750 per claim, increasing in excess of GBP20,000 for larger practices.

Typical coverage Inclusions:

- Civil liability arising from the provision of accountancy services.
- Defence costs and expenses.
- Breach of professional duty.
- Awards by ombudsman.

Potential Coverage Extensions:

- Unintentional breach of intellectual property rights.
- Libel and slander.
- Court Attendance.
- Loss of documents.

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Typical Exclusions

- Intentional misconduct: Claims arising from intentional acts or fraud.
- Contractual liabilities: Liabilities assumed under contract beyond standard professional duty.
- Employment practices: Claims related to employment practices such as wrongful termination, harassment, etc.
- Bodily injury and property damage: Not arising from professional services.
- Insolvency: Claims resulting from insolvency or bankruptcy.
- Known claims at policy inception.
- Claims arising as a result of war and terrorism.

This document is a guide to coverage provided under a typical professional indemnity policy. This is not an exhaustive list or policy-specific list but is intended to provide you with a guide to common coverage under professional indemnity insurance. The applicability of cover will be determined by the actual policy terms, conditions, exclusions, and limitations in force at the time of a claim notification to insurers.

WHY GALLAGHER

Gallagher is a global insurance broker providing comprehensive PI insurance for accountants in the UK and internationally. Gallagher offers specialist advice, services, and products for risk management and claims handling. Gallagher's experienced brokers have specialist insight into challenges faced by accountants and finding policies to suit their accounting speciality.

LET'S TALK

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SPECIALTY

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