



PROFESSIONAL INDEMNITY

CONTRACTORS — PROFESSIONAL INDEMNITY INSURANCE

Professional Indemnity Insurance (PII) for contractors in the UK provides important protection against claims of professional negligence, errors, or omissions in the course of a firm's professional activities, typically defined as performance of design or specification, surveys, inspection or supervision of construction, feasibility studies and/or the provision of technical information. The intention of this insurance is to provide financial protection for legal costs and damages, allowing contractors to practice with confidence that they are not exposed to excessive liability.

WHY CONTRACTORS NEED

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- **Risk management:** Mitigates the financial risks associated with potential legal actions arising from design and construction activities.
- **Client contracts:** Many clients require contractors to have PII as a condition of doing business.
- **Regulatory compliance:** Required by various professional bodies and industry standards.
- **Peace of mind:** Allows you to focus on your projects without the constant worry of potential claims.

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:

- Typically, available from GBP250,000 to GBP10 million in the aggregate.
- Higher limits and reinstatements can be arranged based on specific needs and client requirements. Any One Claim is not commonly available in the current market but can sometimes be achieved.

Excess:

- A broad range of Excess levels exists, but they typically span from GBP1,000 to GBP25,000, depending on the policy and risk profile. They can be significantly higher, and if an Insured can justify affordability, then sometimes they can opt for a much higher excess to save on premium.

Typical coverage inclusions:

- Claims arising from professional negligence in design and construction.
- Legal defence costs.
- Breach of professional duty.
- Unintentional breach of intellectual property rights.
- Defamation, including libel and slander.
- Loss of documents.
- Mitigation of Loss.
- Protection from claims brought against an Insured caused by the professional negligence of a Sub-Contractor/Consultant for whom they are contractually responsible.

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Potential coverage extensions:

- Cladding Combustibility/Fire Safety.
- Pollution.
- Asbestos.
- Duty To Warn.
- Fitness For Purpose.
- Novated Contracts.
- Joint Ventures.

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.

This document is a guide to coverage provided under a typical professional indemnity policy. This is not an exhaustive list or policy-specific 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 all manner of professions both 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 contractors and finding policies to suit their speciality.

LET'S TALK

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SPECIALTY

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