

FIS quick guide to

PI Insurance

This quick guide highlights some of the most relevant items in professional indemnity insurance. Please contact your insurance broker if you have specific questions or check the policy conditions which are attached to your professional indemnity policy.

What topics are covered in these slides?



Contents

- Why do I need Professional Indemnity Insurance?
- Protecting your companies assets!
- Who are insured?
- What is covered?
- What is excluded?
- Policy Extensions

Why do I need Professional Indemnity Insurance?



“Experience is simply the name we give our mistakes.”

Oscar Wilde

“Anyone who has never made a mistake has never tried anything new.”

Albert Einstein

Protecting your companies assets!



A professional indemnity insurance covers the pure financial loss of third parties caused by wrongful professional acts of the insured in the course of the rendering or failure to render professional services by the insured.



Who are insured?



The insured parties under a professional indemnity insurance (or errors and omissions insurance) are the following:

Company

- Policyholder;
- Subsidiaries (majority share / management control)
- Funds

Natural persons

- Employees
- Directors and Officers (when providing professional services to clients)

What is covered ?



The following financial loss components are covered under a professional indemnity insurance:

- Damages that the insured is legally liable to pay;
- Settlements negotiated with the prior consent of the insurer;
- Defence costs.

Additional coverage's:

- (professional) Investigation costs;
- Civil Fines and penalties (as far as insurable by law);
- Emergency costs
- Employee's protection costs.

What is excluded?



The professional indemnity insurance will be subject to certain exclusions such as:

- Conduct exclusion;
 - Financial advantage / gaining profit to which the insured is not entitled;
 - Intentional criminal acts / deliberately fraudulent act by an insured.

Note: exclusion subject to final adjudication.
- Prior or pending litigation (prior to the inception date / prior to specific date mentioned in policy);
- Property Damage / Bodily Injury;
- Business risks;
- Insured vs Insured (exceptions for employees in capacity as client; recourse by funds);
- Environmental Pollution (defence cost covered due to carve back);
- Mechanical or electrical failures;
- Contractual Liability (except for liability which would also have existed in the absence of such contract).

Professional Indemnity Insurance

Policy Extensions



Depending on the scope of coverage a professional indemnity insurance may include the following extensions:

- Extended Reporting Period;
Pre agreed terms on which the period in which claims may be reported to the insurer can be extended (up to 72 months).
- Vicarious Liability;
Claims against the insured's for financial loss caused by third parties (service providers) for whom the insured is held vicariously liable.
- Lost Documents;
- Estates / Heirs / Legal representatives;
Claims against estates / heirs / legal representatives of the insured person with respect to wrongful acts committed by the insured person.



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