



# A J BURNS INSURANCE

BROKING PTY LTD

## Professional indemnity insurance at a glance

### What is professional indemnity insurance?

Anyone can make a mistake – but if your business is found liable for negligence, the costs can be financially devastating. Not only can it lead to an expensive lawsuit, but your business' hard-earned reputation may be damaged as a result.

That's why professional indemnity insurance matters – for help protecting your assets and brand if your advice or insurance causes a client to take legal action against you.

### Who should consider it?

Professional indemnity insurance is mandatory in some industries, such as medicine, accounting, law and financial advisers – with the requirements differing from state to state.

But even in cases where it's not required by law, it's recommended for anyone who is providing professional services or advice in exchange for a fee – like, graphic designers, IT consultants and more. Regardless of your legal obligation, it's often a customer requirement that you have this cover in place.

### Did you know?

**27.7%**

In 2014 alone, professional indemnity and public and product liability claims increased 27.7%.

(Insurancenews.com.au 'Claims up, premium down for PI and PL', 2015)

**\$1,362  
MILLION**

\$1,362 million of gross premium during the 2016 underwriting year.

(APRA, National Claims Policy Database, 2017)

**701,000**

701,000 PI risks written in the 2016 underwriting year.

(APRA, National Claims Policy Database, 2017)

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*"If you own a business, you can be liable for damages or injuries to another person or property... consider [professional indemnity insurance] for your business if the likelihood of legal action is high."*

*Australian Government,  
Business.gov.au*

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## What can it cover?

As a wide-ranging insurance solution, 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
<b>Civil liability</b>	Domestic property and belongings from defined events or accidental damage. Cover may include buildings, contents, personal effects, legal liability and/or domestic workers compensation cover.
<b>Inquiry costs</b>	Physical loss or damage to farm property caused by defined events or accidental damage.
<b>Defence costs</b>	Claims by third parties for personal injury and/or property damage and/or legal costs in connection with the farming business.
<b>Fidelity cover</b>	Regular payments to help keep your business running if you're injured or fall ill.
<b>Advancement of costs and expenses</b>	Death or loss of livestock due to specified events.

### What usually isn't covered?

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.
- Depending on your occupation, third party bodily injury/property damage.
- Unpaid fees.

### CASE STUDY

Michael is an engineer who designs the supporting foundations of a residential property. He makes an error with the site calculations – which leads to the slab cracking and damage to the property of the owner. His company is liable for this loss, which could be anywhere between \$150,000 up to the full value of the house.

But because Michael has professional indemnity insurance, he's covered for this amount – as well as any legal expenses if the matter goes to court.

## Contact us today

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**Important note** – this information is provided to assist you in understanding the terms, implications and common considerations in professional indemnity insurance. It does not constitute advice, and is not complete, so please discuss the full details with your insurance broker.