
Professional Indemnity Policy Wordings

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This policy is meant for professionals to cover liability falling on them as a result of errors and omissions committed by them whilst rendering professional service.

Highlights

This policy is meant for professionals to cover liability falling on them as a result of errors and omissions committed by them whilst rendering professional service.

The policy offers a benefit of Retroactive period on continuous renewal of policy whereby claims reported in subsequent renewal but pertaining to earlier period after first inception of the policy, also become payable.

Group policies can also be issued covering members of one profession. Group discount in premium is available depending upon the number of members covered.

Scope

The policy covers all sums which the insured professional becomes legally liable to pay as damages to third party in respect of any error and/or omission on his/her part committed whilst rendering professional service. Legal cost and expenses incurred in defence of the case, with the prior consent of the insurance company, are also payable, subject to the overall limit of indemnity selected.

Only civil liability claims are covered. Any liability arising out of any criminal act or act committed in violation of any law or ordinance is not covered.

Who can take the policy

The policy is meant for professionals. We issue 'Professional Indemnity' policies to the following group of professionals:-

1. Doctors and medical practitioners - which covers registered medical practitioners like physicians, surgeons, cardiologists, pathologists etc.
2. Medical establishments - which covers legal liability falling on the medical establishment such as hospitals and nursing homes, as a result of error or omission committed by any named professional or qualified assistants engaged by the medical establishment.
3. Engineers, architects and interior decorators.
4. Lawyers, advocates, solicitors and counsels.
5. Chartered accountants, financial accountants, management consultants.

How to select the sum insured

In Professional Indemnity Policy, the sum insured is referred to as Limit of Indemnity. This limit is fixed per accident and per policy period which is called Any One Accident (AOA) limit and Any One Year (AOY) limit respectively. The ratio of AOA limit to AOY limit can be chosen from the following:

- a. 1:1
- b. 1:2
- c. 1:3
- d. 1:4

The AOA limit, which is the maximum amount payable for each accident, should be fixed taking into account the nature of activity of the insured and the maximum number of people who could be affected and maximum property damage that could occur, in the worst possible accident.

In the case of Professional Indemnity policy issued to engineers, architects, interior decorators, lawyers, advocates, solicitors, counsels, chartered accountants, financial accountants and management consultants, the Any One Accident (AOA) limit is restricted to 25% of the Any One Year (AOY) limit.

How to claim

The term "liability" means responsibility and "legal liability" means responsibilities which can be enforced by law. Legal Liability may be classified into Criminal Liability and Civil Liability. Only Civil Liability claims are payable.

Civil Liability claims will arise if there is prima facie evidence of negligence by the insured resulting in injury or death to any third party or resulting in damage to property belonging to a person other than insured.

Negligence will be proved only when following conditions are satisfied:

- a. Existence of duty of care
- b. Breach of this duty
- c. Injury suffered by a person or property damaged as a result of that breach.

In case of any event likely to give rise to a liability claim as described above, insurance company should be informed immediately. In case any legal notice or summons is received, it should be sent to the insurance company. The company has the option of arranging the defence of the case.

The event giving rise to the claim should have occurred during the period of insurance or retroactive period and the claim first made in writing against the insured during the policy period. The maximum amount payable including defence cost will be the AOA limit selected. The Any One Year limit will get reduced by the amount of claim or indemnity paid for any one accident. Any number of such claims made during the policy period will be covered subject to the total indemnity not exceeding the Any One Year limit.

The policy will not pay for claims arising out of contractual liability, intentional non-compliance of any statutory provision, loss of goodwill, slander, fines, penalties, libel, false arrest, defamation, mental injury etc.