Professional Indemnity Insurance - Are you confident in Insurers and Brokers?

Insurance for your reputation
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As we approach what is another busy Solicitors’ Professional Indemnity Insurance (PII) renewal date, 1st April, practices will be conscious of the need to ensure a good quality insurance solution is in place despite the continuing soft insurance market given the fact that, for many, PII is a significant capital outlay.

The first week of February 2016 has seen the withdrawal from the PII market of Elite Insurance, one of the unrated Insurers, after having only entered the market in 2012 (see link below).

http://www.insuranceage.co.uk/insurance-age/news/2444623/elite-insurance-withdraws-from-solicitors-pii-market

Coupled with this, your attention may have been caught by the headlines concerning the imposition of fines totalling £15.5m for five individuals and two firms relating to the failure of Insurers and Brokers each specialising within the Solicitors’ PII field (again, see link provided).


For reasons such as these, MFL Professional would urge firms to carefully consider the security and longevity of any PII proposition put to them, with a focus not just on the insurer but on the broker too. Of course, these types of issue are very much the exception rather than the norm, though nonetheless cannot be ignored. Indeed, since the demise of SIF, aside from events such as those highlighted, somewhere between 35 and 40 Insurers have in fact entered and departed the open market with most of those having lasted no longer than three or four years.

The impending Insurance Act due to come into force in August this year will mean that many Brokers themselves will change their approach when discussing their proposition with you.

Any such proposition should also highlight other important insurance covers which you will need to consider as additional protection, which need to dovetail properly with your PII. One of these would be Cyber insurance given the ongoing fraud and/or cyber threats of which all are aware, which present an ever greater threat to legal practices. Whilst true that many ‘cyber’ or fraud losses may be picked up by the PII Minimum Terms and Conditions, a significant number of the exposures will not. Other covers you need to discuss include Management Liability (including COLP/COFA) and Crime Insurance.

MFL Professional would look to address any gaps in cover and ensure the appropriate policies are available so as to afford adequate protection in this changing landscape. See our own website link below for previous bulletins issued on this topic.

If therefore you do have concerns with regards to the above, or wish to discuss what gaps in cover might be faced by your firm based upon your current programme, please do not hesitate to contact us in order to discuss further.

Contact the MFL Professional team to discuss your PII arrangements:
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