

# Professional indemnity insurance

**This guide is for intermediary reference only:**

It doesn't contain the full terms and conditions of the contract of insurance.

Full terms and conditions are within the policy documents; you can request to have a copy of these.

## Background

By taking the necessary time to understand the activities undertaken and to subsequently identify the specific exposures faced, we are at the forefront of insuring a variety of diverse risks, many of which are complex or unique and do not 'fit' traditional underwriting guides. A professional practice may trade as a sole practitioner, in partnership or as a limited liability company, generating fees ranging from a few thousand pounds to a few million.

## Product design

Professional indemnity insurance is designed to provide an indemnity for damages which are awarded against the insured. This includes legal costs in defending the claim and costs awarded against the insured, should the defence prove unsuccessful.

Cover is provided on a 'claims made' basis, where the policy is designed to respond to claims that are made during the period of insurance, regardless of when the wrongful act that caused the claim took place (subject to any retroactive date that may apply).

Limits apply either on an any one claim basis or in the aggregate for the period of insurance, dependent upon the type of exposure.

The vast majority of our policies provide cover on a 'civil liability' basis, which is the widest form available in the market. Where necessary, our wordings comply with relevant governing body minimum standards and requirements.

# Target market

**The target market for our Professional Risks product are commercial customers who meet the following criteria:**

- ✧ That are domiciled within the United Kingdom
- ✧ Businesses who provide a professional service to a third party

**We are always willing to consider new and emerging professions, however this product is not suitable for:**

- non-UK businesses
- businesses requiring a primary cover exceeding 10 million limit of indemnity
- businesses with connections or links to sanctioned individuals or countries risks based outside of the United Kingdom
- a person acting for purposes outside their trade, business or profession
- customers just wanting run off exposures.

**We will not look to write risks:**

- which have been previously declined or insurer cancelled or have a history of non-disclosure / misrepresentation.
- Solicitors, Independent Financial Advisors & Actuaries

## Scope of cover

Professional indemnity policies have traditionally been arranged on a 'stand-alone' basis, but we provide a 'menu' offering that allows other types of business protection to be arranged under the same policy.

We tailor all aspects of each policy specifically to the individual risk, ensuring that you have the right cover for your client's exact needs

**We can offer cover for**

- ✧ General liability (public liability and products liability)
- ✧ Directors' and officers' liability Including PR crisis management for the director or officer
- ✧ Entity defence Including PR crisis management for the entity (company)
- ✧ Employers' liability
- ✧ Employment law protection Including employer helpline and assistance
- ✧ Property damage
- ✧ Business interruption
- ✧ Money and personal assault
- ✧ Damage to portable property
- ✧ Fidelity

# Product value assessment

Our product value assessment includes the cost to Market of providing the product, through the distribution channel by which the product is sold, and a review of the product performance and the type and quality of services provided to the end customer

We will take into account the nature of the product and its cover, benefits and any limitations, the price paid by the end customer together with the services we provide. A wide range of factors are considered, not exhaustive but such as, historical and expected claims frequencies, declinatures, incurred and projected claims costs, plus scenario analysis including likely economic and climatic trends, along with customer feedback and complaints.

We also consider how the premium is affected by the commission we pay the placing intermediary for the activities they conduct on our behalf together with any fees that we may pay for additional services received.

This also applies where an add-on-product (including premium finance) not manufactured by us is sold alongside, or forms a package with our products. These may affect the value to the end customer and will need to be taken into your consideration of value and must be proportionate to the benefits, cost and service provided.

We wouldn't expect this product to provide fair value to:

- Non-renewable covers for less than twelve months
- Consumer customers

Where appropriate, we will group products together for the assessment where they are intended to deliver a similar outcome and the target markets are consistent. If any of our fair value assessments result in an outcome where we believe fair value is not being provided, we will engage with the relevant distribution channels to agree appropriate actions.

# Partner remuneration and costs

- Commission levels agreed prior to placement
- Fee for service arrangements are considered should they be entered into between both parties
- No additional costs or fees applied by ourselves, except for Insurance Premium Tax at the applicable rate
- Any additional charges within the distribution chain may potentially erode the intended value of our product

# Distribution strategy

Our Professional Risk Insurance product has been designed for distribution by insurance intermediaries that hold commercial agency facilities with us. They must have the appropriate level of understanding about the risks and exposures faced by their customers in the operation of their business.

The distribution strategy is considered appropriate for the target market with customers having the option to purchase these products through a distributor of their choice. These products are considered suitable for advised and non-advised sales, where seen and agreed appropriate, by suitably skilled persons via telephone, face to face or an appropriately designed on-line journey.

# Conflict of interest

On the basis that we have not:

- delegated any claims handling duties to you
- delegated any underwriting authority to you
- remunerating you beyond the flat rate commission or fee for services provided agreed between parties

We confirm that the product is free from any innate conflict of interest that would compromise you from putting customers interests first.

## Distributor's responsibilities

You are reminded to assess fair value to your customers where you charge additional fees or where commission rebating takes place. Distributors should consider whether their customers who are purchasing a Markel product are being charged any additional fees that are not funded by the premium paid. If customers are being charged additional fees by anyone in the distribution chain, this could impact the outcome of the fair value assessment.

If a distributor identifies that a product is not providing fair value and this has been caused by the distributor's distribution arrangements, including its remuneration arrangements, the distributor must immediately inform the Markel for appropriate action to be taken

Markel are satisfied that the product offers fair value to its intended target market subject to distributors

- Not charging customers additional amounts over and above the gross premium quoted by us without first determining that they do not have a detrimental effect on the value of the product.
- Ensuring that no duplicate cover exists or is caused by an add-on where that cover is already provided by the policy.

## Providing feedback

We welcome any feedback from our distributors on the performance of our products. All feedback will be considered in our next product review. Also, if you believe that your staff would benefit from additional training on this product, please let us know.

Please contact your Markel Relationship Manager.

## Version control

Version	Updated By	Revision Description	Version Date
1.1	Rishi Bhandari	Minor typo corrections.	09/08/23
1.2	Sonja Wigglesworth	Minor typo corrections.	05/08/24