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Professional

INSURANCE BROKERS

A focus on claims - Professional Indemnity Insurance

Insurance for your reputation



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A Few Questions. What do you look for when purchasing professional indemnity insurance (PII)?

Do you automatically assume that all Insurance Companies are the same ?

Have you had a claim, been satisfied with its handling and settlement by the Insurer, but then subsequently transferred to another Insurer and taken for granted that the new Insurer will handle things in the same fashion ?

What practical role does your Broker provide in assisting with a claim once made?

These are just a few of many pertinent questions you might ask of the insurance industry and yet may find an answer not to your satisfaction. This is an industry that must put claims settlement, good service and prompt payment in its shop window.

Premiums for the same firm can differ significantly – as can the policy wordings applicable. This can mean an increasing risk of an Insurer turning down a claim, often based upon terms within their policy wording which might not apply in another Insurer's policy wording for the same profession.

Some might say there is some truth in the old adage 'you get what you pay for'. However, many of these policy terms used to decline claims need not necessarily be an issue in all cases. This is where MFL Professional, as specialists within the professional indemnity field, adds value by assisting you in mitigating or eliminating the risk of claims being refused by Insurers.

In order to achieve this, it is vital that as brokers we work with you so as to enable Insurers to understand your risk before inception of cover rather than, as sometimes feels the case, at the time of the claim. Should an Insurer seek to apply

policy conditions or warranties at policy inception (for example, requiring you to check that a sub-consultant holds and maintains their own relevant PII cover) then we look to raise these with you, so as to at the time ensure you can comply with their requirements.

This approach of course ties in with what the Financial Conduct Authority is seeking to achieve in terms of 'good customer outcomes'. A recent FCA thematic review highlighted a disparity in how a SME perceives it is treated by the insurance industry when set against the larger corporates.

Buying on price alone can be fraught with potential trouble and for this reason it is essential that consideration be given to the worst case scenario of the significant claim, its settlement and indeed the measures to be taken post claim, all the time bearing in mind the extent of the policy conditions to apply and the differing claims offerings out there.

The Insurance Act 2015, due to come into force this year, will have an impact and we shall issue further bulletins on this in future.

In the meantime, one further question. Does your chosen Insurer employ its own, suitably qualified, claims team ? If they don't, this means, even for the simplest of claims, they have to sub-contract out the most important element of their very existence - claims handling. Some would argue this leads to the Insurer failing to take ownership of the claims, failing to handle the claim sufficiently quickly and to your satisfaction and possibly even incurring significant additional costs such as solicitor fees in doing so - which will then sit on your own claims record.

Turning back to our own role as a specialist professional indemnity Broker, we are aware of some Brokers actually divesting themselves of any claims handling role and merely acting as a 'post box', or charging additional fees should claims arise, these

often set out within the Broker's terms of business agreement. This, at a time when their advice is possibly needed more than ever to steer you through what is often a difficult and traumatic period within your business life and one which can have a serious impact upon your business going forward.

Therefore, should any of the above resonate, we would be delighted to hear from you and if required discuss, either over the telephone or at a meeting, those areas where we might be able to assist you going forward.

Contact the MFL Professional team to discuss your PI arrangements:

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