



What is Professional Indemnity (PI) Insurance - Self Help Guide

When running an SME there are no end of factors to consider to give your business the very best chance of survival. Protecting your businesses' best interests should be your first priority, and professional indemnity insurance cover is an excellent way of securing the protection you need. But just why is PI insurance so important?

Professional indemnity insurance protects individuals or businesses which offer a professional service. Businesses that provide professional advice are often in control of the crucial decisions made by their clients. It is this responsibility which could leave those providing specialist advice in a precarious position in respect of potential third party claims. The list of industries requiring such cover is extensive, but to give you an idea it is those organisations providing professional advice or design work, such as accountants, IFAs, architects or business consultants who need this cover the most.

Professional indemnity insurance ensures that, if in the course of providing professional assistance an error or omission is made or negligent advice is given, the cost of a subsequent legal case or compensation claim is met. If an SME does not possess professional indemnity cover, these costs can be crippling and even result in a businesses closure.

If PI insurance sounds just like the type of cover your business needs, then you'll want to find the very best premium out there. There are a huge number of insurers offering this type of product, with online providers, brokers and offline insurers all competing for your business. The first step you should take before deciding on a policy is to source some quotes from a number of insurers to give you a better idea of the price. Once you have a ball park figure for the insurance you can then set about the task of finding the insurer offering the best deal; whether that decision is based on price or degree of cover is completely down to you.

In some circumstances professional indemnity insurance is a legal requirement. As an example, both accountants and financial advisors cannot legally operate without cover. It is not only the legality of such cover you should consider. Many businesses will be reluctant to work with a professional services provider which does not have PI insurance in place. This may mean being overlooked for vital contracts.

Aside from the above advice, it is simply good business to have professional indemnity insurance in place. Mistakes are unavoidable, no matter how much of an expert you are at whatever it is you do. It would be unfortunate if the first mistake an otherwise well run business makes were to be its last.