

Chapter 7

Prudential requirements and professional indemnity insurance

7.4 Professional indemnity insurance: personal injury claims management

Application

- 7.4.1 **R** This section applies only to *firms* who carry on *advice, investigation or representation in relation to a personal injury claim*.

Requirement to hold

- 7.4.2 **R** A *firm* must take out and maintain at all times a *professional indemnity insurance contract* that provides for a level of cover at least equal to the requirements in this section from an *insurer* which is authorised to enter into *professional indemnity insurance contracts* in:

- (1) a *Zone A country*; or
- (2) the Channel Islands, Gibraltar, Bermuda or the Isle of Man.

- 7.4.3 **R** The *professional indemnity insurance contract* must make provision for cover in respect of any claim for loss or damage, for which the *firm* may be liable as a result of a negligent act, error or omission by:

- (1) the *firm*; or
- (2) any *person* acting on behalf of the *firm* including *employees*, or its other agents.

- 7.4.4 **R** The minimum limit of indemnity per year in the *professional indemnity insurance contract* must be no lower than:

- (1) £250,000 for a single claim against the *firm*;
- (2) £500,000 in the aggregate.

- 7.4.5 **R**
- (1) Where the *professional indemnity insurance contract* includes an excess, the excess must not be greater than £10,000 per claim.
 - (2) The *professional indemnity insurance contract* must contain cover in respect of legal defence costs.
 - (3) The *professional indemnity insurance contract* must provide for continuous cover for all claims:

- (a) first made against the *firm* during the period of insurance; or
- (b) made against the *firm* during or after the period of insurance and arising from claims first notified to the insurer during the period of insurance.