

## GUIDE TO BUYING SOLICITORS PROFESSIONAL INDEMNITY

ULTIMATELY YOU ARE RESPONSIBLE FOR OBTAINING PII. THERE ARE STEPS THAT YOU SHOULD TAKE WHEN DEALING WITH YOUR BROKER OR INSURER TO MAXIMISE YOUR CHANCES OF OBTAINING PII.

**You should submit your proposal form to your broker(s) / insurer(s) early, preferably by mid-July.**

You should use the proposal as an opportunity to convince the insurers that they should take your firm on risk. Your proposal form should be clear, accurate, well-presented and comprehensive.

**You should decide what level of cover you need. This will depend on your firm's size and exposure to risks.**

You should seek advice from your broker and/or insurer to ensure that you have sufficient cover.

**Reach an agreement on the renewal process**

You should seek to reach an agreement with your broker(s) / insurer(s) on the renewal process, including:

- How will the broker(s) / insurer(s) review your proposal form
- How will the broker(s) / insurer(s) keep you informed about the progress of your proposal

**Actively manage your relationship with your broker(s) / insurer(s)**

You should contact your broker(s) / insurer(s) regularly to seek updates about the progress of your proposal if they fail to provide them.

**Respond to requests from your broker(s) / insurer(s)**

You should respond in a timely manner to any requests for further information or clarification from your broker(s) / insurer(s).

## Communicate your decision

If you have received an offer for PII, you should check how long the offer is open for and ensure that you communicate your decision before the offer expires.

## Fulfil the terms of your contract

You should ensure that you comply with the terms of a contract which you have finalised with your broker and/or insurer. For example, most qualifying insurers will require you to pay the whole premium upfront (although some brokers offer premium financing facilities).

### TIPS

- Make sure that the renewal submission includes all relevant information, including full claims details for the past five indemnity years. Some insurers and brokers are reluctant to provide this information in the knowledge that it will be used to seek alternative terms from the market. You may have to be persistent in your requests for such information. And take time to look at levels of claims reserves. You could be surprised and may wish to dispute the level of reserves attached to certain matters. Bear in mind that any competing insurer will pay close attention to the number of reported matters to which reserves and payments attach. Therefore if any of these can be closed off, make sure that insurers do so at the earliest opportunity;
- Do not flood the market with submissions. Two brokers, carefully selected should be able to cover most of the market. Only use a third broker where you are satisfied they have an exclusive scheme which is not available elsewhere;
- Establish a dialogue with the brokers that you have instructed to act on your behalf. After all, your PII is your license to practice and your selection of cover and choice of broker and insurer should be based on more than price alone;
- Consider adequacy of indemnity limit and whether disclaimer clauses will assist in protecting the firm without having a negative impact on client relationships;
- Assess whether spreading premium payment by installments is cost effective. There are some very competitive options available and these may come from providers other than your insurers;

Finally consider the firm's position in relation to risk management. Even though your PII policy is designed to offer protection, it is not a watertight solution and any practitioner who has experienced being on the wrong side of a negligence action will endorse the maxim that prevention is better than cure.