

# Architects and Engineers: You Need Professional Indemnity Cover



As an engineer or architect, you work in a highly skilled, detail-oriented industry and are expected to provide quality design services that are free of errors or omissions. Despite your expertise, knowledge and best intentions, the reality is that not all projects are error-free, and eventually a mistake or misjudgement is bound to occur. Even the smallest error can have serious consequences. If a client believes damages are due to a mistake on your part they can sue your company. It is important to protect yourself against this potentially devastating liability. The cost of defending yourself in court can be huge, not to mention the restitution costs if you're found at fault. A professional indemnity policy will cover these costs in the event of such a claim, which may otherwise financially cripple your business.

Many professional bodies and organisations make it a formal requirement for their members to hold and maintain professional indemnity insurance. For instance, professional indemnity insurance is compulsory for architects that are members

of the Architects Registration Board (ARB) and the Royal Institute of British Architects (RIBA). Likewise, almost all professional engineering bodies require the same.

## How Does the Policy Work?

A professional indemnity policy will cover the cost of defending you or your company in court, along with any monetary damages awarded to the claimant due to an error or omission on your part (up to the policy cover limit). These policies are known as "claims-made" policies. This means that cover is triggered when a claim is filed and you report it to the insurance company, since it is often hard to identify when the alleged error or omission originally occurred. Your work will be covered dating back to the earliest date of your continuous professional liability cover.

## What to Look for in a Policy

Though you may specialise in certain areas, you likely handle a variety of projects and services and you'll want your policy to reflect

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that. Depending on your needs, you may want to consider these components when choosing a policy:

- Pollution liability that covers sudden, accidental and gradual pollution
- Specific cover for breach of a client contract
- Full civil liability cover (not just negligence)
- Specific cover for breach of intellectual property rights
- Reimbursement of costs incurred to help reduce or avoid a claim
- Punitive and exemplary damages cover
- Virus and hacking liability cover

## What is Not Covered

The following items are generally excluded from a professional indemnity policy:

- Unfair trade practices (you hire a competitor's employee and subsequently take one of the competitor's clients)
- Failure to pay a fee or invoice
- Wilful or dishonest acts

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