Professional Indemnity insurance checklist for IMA members

1. **Duty of Disclosure (it's your responsibility to declare all material facts which will help an insurer determine whether to provide cover and what terms to apply)**
   - If purchasing online, are you able to select a business description that correctly encompasses all of your business activities?
   - Is there a notes field where you can input more information if necessary?
   - Are there any changes planned in terms of your business activities over the next twelve months?
   - Are there additional parties to be insured that need naming on the policy?
   - What territorial limitations are on your policy? If you are placing interims overseas, deal with international clients even if only in the UK then you need to make sure your policy covers this.
   - Is there a telephone number you can call to discuss your application with a qualified adviser?
   - The information you provide (either online or on a proposal form) becomes the basis of your contract of insurance. Therefore it's imperative that the information given is accurate. If you are unsure about anything, you should speak to an insurance adviser.

2. **Limit of Indemnity**
   - Are there any factors influencing the limit of indemnity that you purchase such as contractual requirements?
   - You should consider the value of your largest contract or placement and use it to benchmark your needs.
   - Consider the kinds of losses that your clients could suffer if your firm makes a mistake
   - In the event of a claim which exceeds your limit of indemnity, you and your directors' personal assets may be at risk.

3. **Excess/Deductible (all policies will have a standard excess or deductible, however, you can opt to carry a higher excess/deductible which should have some impact on your annual premium)**
   - Do you have the capacity to carry a higher excess/deductible in return for a saving on your premium?
   - Ensure that wherever possible, Defence Costs are excluded, this is in the event that a claim is successfully defended, it enables all costs to be paid by the insurer.

4. **Retroactive cover (Professional Indemnity insurance is written on a "claims made" basis as opposed to "claims occurring", so your policy should include retro-active cover to protect you against a claim arising from work carried out during the period of a previous policy, which is no longer in force)**
   - Make sure you notify all known incidents which might lead to a claim, to the relevant insurer. This needs to be prior to the expiry date of the respective policy.
   - The retro-active cover should date back to when you first arranged professional indemnity insurance, or the date applicable to your previous policy, assuming that there has been no break in cover.
   - Claims made example:
     1. You form your business in 2009 and arrange professional indemnity insurance.
     2. You place an interim with a client on a six month placement.
     3. In 2011, you move your professional indemnity insurance to a new insurer. The new policy incorporates retroactive cover, with a retroactive date that coincides with the date that you formed your business and first purchased professional indemnity insurance.
     4. You receive a letter of claim from the client with whom you placed the interim in 2009.They allege that they have suffered a financial loss arising from the actions of the interim and are seeking damages from you under the terms of the contract.
     5. Due to the inclusion of retroactive cover, the claim is picked up under your current professional indemnity policy, even though the claim arises from the activity of the interim in 2009 and the current policy was not in force at that time.

5. **Vicarious Liability (this protects your liability in relation to a claim arising from the actions of an interim manager you have placed with a client)**

   Examples of where Vicarious Liability cover could protect you:
   - Where the interim manager has their own insurance in place but due to the contract between you and your client, they seek redress from you
   - Failure of an interim manager to arrange or sufficiently maintain their own insurance.
   - Failure of an interim manager to arrange run-off cover having ceased to be an interim manager.
   - Inadequate insurance arranged by an interim manager or an insufficient limit of indemnity.

Jelf is the preferred insurance provider of the Interim Management Association. If anything contained in this document raises questions with regard to your current insurance arrangements, please contact Jelf on 0370 218 6875.