



Architects Registration Board

Guidance and Information

Professional Indemnity Insurance

This leaflet outlines the importance of carrying adequate professional indemnity insurance, and notifying your insurers of a potential claim. You can find details of a number of firms providing professional indemnity insurance cover on the back page.

If you have any queries about the contents of this leaflet, call us on 020 7580 5861 or email professionalstandards@arb.org.uk

Professional Indemnity Insurance

In September 2010, following a period of consultation, the Board decided that it would stop asking architects to complete the annual Statement of Compliance to confirm that they held professional indemnity insurance. After running the exercise for seven years, the Board felt that it was not a sensible use of resources to ask architects to return the form every year.

This in no way reduces the importance for all practising architects to ensure that they hold adequate and appropriate insurance, as expected by Standard 8 of the Architects Code of Conduct and Practice. It is also important that you let your clients know that you hold professional indemnity insurance at the outset of a project, along with terms of engagement.

The Board may still request evidence of any architect's cover in appropriate circumstances, for example, if we receive a complaint about an architect's conduct or competence.

Claims

The most common causes for a claim are:

- negligent design;
- specification errors;
- contract administration;
- late information; and
- inspection mistakes.

Claims usually amount to more than the simple value of the loss, especially when considering the costs involved in adjudication and any legal proceedings. Without insurance, the impact on an architect's business – both financially and in terms of the time it takes to resolve the issues – is potentially huge.

Run-off Cover

Professional indemnity insurance is provided on a claims-made basis, and you will need 'run-off' insurance cover for at least six years after the work has been completed.

As an example of the importance of run-off cover, a retired architect was recently subject to a successful claim of £500,000 some nine months after he had ceased to practise. Fortunately, he had maintained adequate run-off cover and his insurance policy was able to meet the claim in full. However, had he cancelled his policy when he retired he may have been personally liable for the full amount.

When should I notify?

It is important to understand that your obligations are not met simply by having adequate insurance in place. To avoid the danger of your insurers refusing to cover a claim, it is vital that you notify them – at the earliest opportunity – of any circumstance that may lead to a claim.

For example, as soon as a client makes any form of allegation or complaint, when any mistake or defect becomes apparent, or when a dispute arises between parties on the project, you should contact your broker or insurance provider straightaway. Insurers need to know of any potential claim at the earliest opportunity, and they will usually give you helpful advice on how to respond to a complaint. Failure to notify your insurers in good time may result in a late claim being rejected. Waiting until a complaint becomes formalised, or even when correspondence has been exchanged and gets as far as proceedings being issued, may well be too late.

Notifying your insurer of a circumstance that may give rise to a claim allows you the opportunity to use their expertise in dealing with the issue, and talking to them should not affect your premium in itself.

Insurance Brokers

ARB does not maintain a list of approved PII brokers, but is aware of the following being active in the market. This is **not** a recommended list, and architects should seek appropriate advice and guidance as to their PII status and the suitability of any particular policy.

Building Design Bureau

131-133 New London Road
Chelmsford CM2 0QZ
01245 494 744
<http://bdib.hccint.com>

Griffiths & Armour

19 Water Street
Liverpool L2 0RL
0151 236 5656
www.griffithsandarmour.com

RIAS Insurance Services

Orchard Brae House
30 Queensferry Road
Edinburgh EH4 2HS
0131 311 4292
www.rias.org.uk

Aon Ltd.

Gibraltar House
High Street
Wickford SS12 9AZ
01268 764 141
www.aon.co.uk/professionals

Wren Insurance Association

New City Court
20 St Thomas Street
London SE1 9RR
020 7407 3588

RIBA Insurance Agency

133 Houndsditch
London EC3A 7AH
020 7234 4025
www.architectspi.com

**A more extensive list of brokers is available on our website at
www.arb.org.uk/professional_standards**