



"pi direct"

pinews

Solicitors

PI Direct Newsletter

ISSUE 10

September 2006

Solicitors Issue

Renewal – Some policy points to be aware of

The time for renewal of solicitors professional indemnity is fast approaching. In this edition of PI News we provide a reminder of the importance of notification as an obligation in relation to your PI policy. We also highlight how you benefit from our in-house solicitors in terms of the service we provide.

Notification – The importance of getting it right

Under the terms of your policy you are required to notify us as soon as is reasonably practicable of:

- any claim by third parties against you or
- any circumstances which could lead to a claim or
- any investigation, inquiry or disciplinary proceeding during or after the period of insurance arising from circumstances first notified to the insurer during the period of insurance.

It is usually fairly clear when a 'claim' has been made. A claim is a demand for or an assertion of a right to civil compensation or civil damages or an intimation of an intention to seek such compensation.

Your policy provides a definition of what will constitute a 'circumstance'. It includes knowledge that you have made a mistake which may result in loss or that a client is dissatisfied.

Of course not all circumstances become claims. Nonetheless it is important that we are at least informed of instances where a potential problem could develop. Once you identify a claim or circumstance you should avoid making any further comment or take any action until you have been advised by one of our in-house solicitors or claims handlers. Any admissions or concessions could seriously prejudice your position as this could be a breach of the terms and conditions of your policy.

It is important to remember that if a circumstance is not notified to an insurer within the period of insurance and a formal claim is made in a subsequent policy year, the later insurer must respond to the claim. This is a requirement of the Law Society Minimum Terms.

However, the later insurer may say they have suffered prejudice as a result. It is important, therefore, to draw a distinction between a circumstance and a formal claim for the purposes of deciding which policy year will apply. This is particularly important when a firm is considering changing insurer.

For a quote please call **020 7337 7500** or fax **020 7337 7525**
or visit our website www.pidirect.co.uk

PI Direct insures:

Accountants

Architects

Design and Construct

Engineers

Insurance Brokers and
Intermediaries

IT Consultants

Management
Consultants

Secondary
Intermediaries

Solicitors

Surveyors

Miscellaneous
Professions

Up to 6 year run-off
available for many
professions

The key principle to follow is that if you are in doubt whether a situation should be notified to us, it is always best to err on the side of caution and advise us as soon as possible. We can then provide assistance and reassurance.

Claims – The advantages of using our in-house solicitors

One of the distinct features of PI Direct is that we have an in-house team of solicitors and claims handlers who are all professional negligence specialists. The calibre and experience of our solicitors mean that they provide an expert service from the date a problem is identified through to trial if necessary.

You have immediate access to a specialist solicitor who will guide you through what is often a difficult time when faced with a professional negligence claim.

This experienced legal team offers many advantages to our insureds:

- We are able to offer our considerable expertise to you at the earliest stage of a notification. We gather sufficient information to assist you in resolving the problem before it develops momentum and proceeds to litigation. We assist in drafting and ghosting correspondence, setting out your defence and provide you with advice and support.
- Other insurers operate on a different basis. As external solicitors are instructed the communication chain is that much longer. This means you can often be left feeling isolated in

what can be a complicated claims resolution process. With us you deal with the same solicitor throughout and you are more directly involved in resolving the claim.

- Unlike most insurers our in-house team have a policy of defending unmeritorious claims whatever the quantum. Our in-house solicitors conduct the litigation. This means the decision whether or not to fight a claim is not tainted by the commercial consideration of incurring disproportionate solicitors costs. This also helps you to keep your good claims record intact.
- The legal team may be contacted to discuss any matter involving professional indemnity without necessarily treating the matter as a formal notification.

We hope that you find this edition of PI news of interest. We welcome feedback and should you require more information on the subjects raised in this newsletter please call our legal helpline on **020 7337 7522**. If you have any suggestions as to specific areas which might be the subject of future issues or wish to discuss your current PI provisions please contact **Emma Arnold** on **020 7337 7500** or e-mail emmaa@pidirect.co.uk

The information provided in this newsletter is intended to give general information. It is not intended to constitute advice or a complete statement of relevant law and should not be a substitute for legal advice in relation to particular circumstances.