

Professional indemnity insurance



CONSTRUCTION

JLT has been placing professional indemnity (PI) insurance for the construction industry for over 20 years and are regarded as the market specialist in this area.

We have developed strong working relationships with the leading PI insurers in the London market, which have enabled us to secure comprehensive coverage for our clients.

An insured will buy PI insurance in order to protect their balance sheet from potential claims and/or to satisfy contractual requirements made by a third party (e.g. employers and financiers). Where an insured enters into a contract with a third party for the provision of professional activities and duties and then sub-contracts the provision of such services to a sub-contractor/consultant, the insured will, in the first instance, be held liable under the head contract for the provision of such services, even though the insured may be able to recover such losses through its rights of recourse against the sub-contractors/consultants. The PI insurance policy can be designed to cover such vicarious liabilities.

The policy is a claims made policy and therefore only responds to claims made during the period of insurance.

The definition of claim in the context of a claims made policy is a legal demand from a third party such as a writ. In general a legal liability claim must always exist in order to obtain coverage under a PI policy. However, cover can sometimes be extended to include mitigation of loss prior to handover. Where the claim is for action taken by the insured prior to handover in order to mitigate a loss, the insured must prove that they would have otherwise been legally liable in the absence of taking the mitigating action.

The cover

PI insurance is designed to indemnify an insured carrying out its professional activities and duties for the liabilities the insured incurs as a consequence of the professional acts, errors, omissions or negligence of it and/or parties for whom it is vicariously liable.

JLT Specialty Limited

6 Crutched Friars
London EC3N 2PH
Tel +44 (0)20 7528 4000
Fax +44 (0)20 7528 4500
www.jltgroup.com

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CONTACTS

Andrew Harrison-Sleap
Tel +44 (0)20 7528 4711
andrew_harrison-sleap@jltgroup.com

Tom Gauge
Tel +44 (0)20 7558 3972
tom_gauge@jltgroup.com

Bernadette Hackett
Tel +44 (0)20 7528 4765
bernadette_hackett@jltgroup.com

Nobuyuki Akahane
Tel +44 (0)20 528 4457
nobuyuki_akahane@jltgroup.com

PI insurance covers a range of professional activities and duties in the construction industry including:

- Architectural
- Engineering
- Quantity surveying
- Surveying
- Project management
- Property consulting (estate/asset management)
- Facilities management.

There are a number of risks that could give rise to PI claims including: defective designs, the provision of negligent advice, negligent project management and erroneous property and facilities management services. The PI policy may indemnify an insured for liabilities arising from these risks including:

- Costs for rectifying defective designs/structures/properties
- Third party bodily injury
- Third party property damage

- Environmental liabilities
- Associated defence costs
- Consequential financial losses.