

# Professional Liability Risk and Insurance



**planning  
pathways**  
TO THE FUTURE



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# Aon's Role As Broker

- Specialists
- Tailored NZPI policy wording
- Strong relationships with underwriters
- “Safe hands” in managing claims
- Annual NZPI Scheme renewal
- Discounted rates for NZPI members



# NZPI Liability Package

- Includes:
  - Professional Indemnity (\$1m or \$2m)
  - Public Liability (\$1m, \$2m or \$5m)
  - Statutory Liability (\$250,000 or \$500,000)
  - Employers Liability (\$250,000 or \$500,000)
  - Internet Liability (Up to \$2m depending on computer systems)



# Professional Indemnity

- Professional Indemnity insurance provides cover to the company for claims arising out of the provision of its services to customers
- Claims could be in relation to:
  - Negligence
  - Breach of contract
  - Defamation
  - Breach of Fair Trading act
  - Breach of Third Party Intellectual Property Rights



## ‘Claims Made’

- How is ‘claims made’ insurance different to other insurance policies?
- Insured must have a policy in place when they become aware of the claim
- Retroactive date (no cover for acts prior)
- Consider need for *run-off* (if business ceases / is sold) to cover past liabilities



# Why Do Claims Occur?

- Mismatch of Client versus Professional's expectations
- Failure to verify factual basis of advice
- Providing Advice when not qualified to do so.



## Scope of Coverage – Issues to Consider

- Who is the insured (subsidiaries/ associates/ joint ventures)?
- Complete description of activity?
- Excess?
- Coverage required for ‘contractual’ risks?
- Jurisdiction?
- Retroactive date (run-off issues to consider)?
- Exclusions (any with possible adverse applications)?



## Important Duties of the Insured

- Notify claims/circumstances immediately
- The Insured or any one acting on their behalf should not instruct a solicitor/ incur defence costs, admit liability or offer to pay or compromise any claim
- Insurer needs to be advised immediately if the risk is to change / has changed e.g.
  - change in business activities / contractual issues
  - change in staff





# Claims Examples

- Misleading/deceptive/negligent application for resource consent
- Negligent Advice

