

Public Liability & Professional Indemnity *Which is which?*

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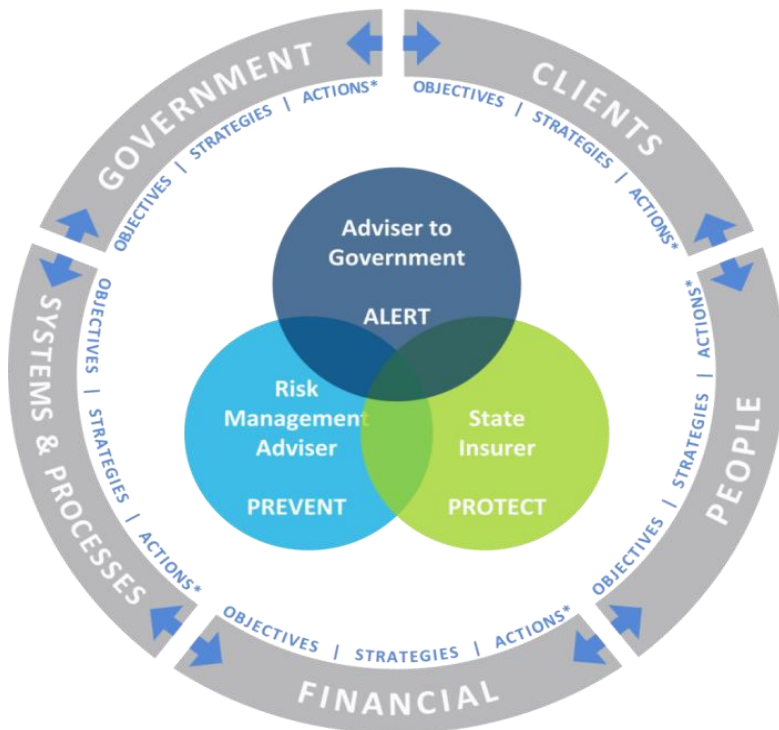
The Question

What is the difference between Professional Indemnity & Public Liability Insurance?

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About VMIA



- VMIA delivers three integrated functions:
 - Adviser to Government
 - Risk Management Adviser
 - State Insurer
- Clients include Government Departments, Statutory Authorities and Agencies
- VMIA insures approximately \$144b of State Assets

Professional Indemnity and Public & Products Insurance - Similarities

- Liability policies to third parties
- Covers the insured for their negligence

What losses are covered?

- Damages awarded or a settlement to third parties
- Legal Defence costs to defend the claim

Public & Products Liability – what is covered?

- Claims arising out of **personal injury** or **property damage** to third parties as a result of an occurrence in connection with the Insured's business.
- Products Liability extends include personal injury or property damage arising from the Insured's products.

Note: PPL does not cover pure financial loss where no personal injury or property damage occurs.

Professional Indemnity - what is covered?

Breach of professional duty in the provision of a professional service by an act, error or omission committed or allegedly committed by the insured.

Professional services include:

- Design
- Advice
- Specification
- Consultancy
- Analysis
- Training
- Treatment

Provides cover for bodily injury, property damage and financial loss to third parties.

Professional Indemnity - what is covered? Cont...

- Libel & Slander
- Loss of documents
- Trade practices & fair trading legislation
- Dishonest conduct (no cover for the person committing the act)
- Joint venture – insured's liability only
- Infringement of copyright, trademark, design or patent
- Contractual liability

Occurrence (PPL) vs. Claims Made (PI) policies

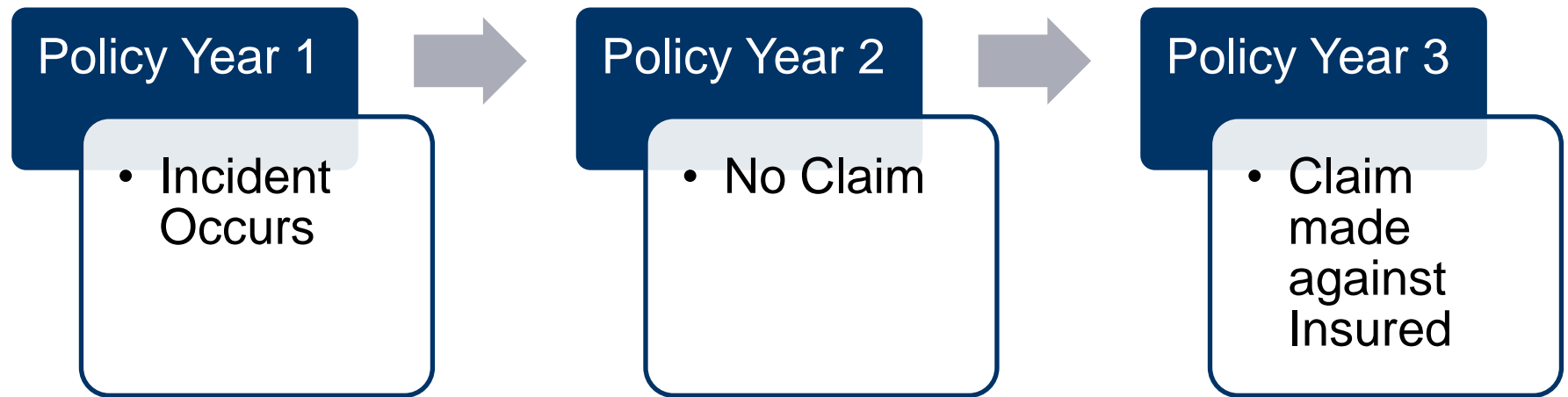
Occurrence

- Policy in force at date of Incident applies
- Notification to insurer anytime after event (within reasonable period)
- Usual basis of Public Liability policies

Claims Made

- Policy must be current at date insured first becomes aware (& notifies Insurer) of potential claim
- Limits maintained at effective levels
- Run-off cover required for wound-up entities and retired practitioners

Occurrence vs. Claims Made Policies



Which Policy Year responds?

Public Liability: Policy Year 1

Professional Indemnity: Policy Year 3

Ongoing Cover – Professional Indemnity

Why it is important in a claims made context?

- If there is no cover in place when a claim is made then no cover is available
- Contractual solution – insist PI insurance is maintained after completion of contract at the appropriate sum insured

Can one Policy provide both covers?

- Combined PI & PPL policies are available in the commercial market
- PPL policies can provide an 'Errors & Omissions' extension
- 'Devil is in the Detail'

Questions?