



Professional Indemnity

Specialist Insurance Solutions

Designed to minimise exposure to business risks, reduce losses and keep future premiums as low as possible.

At Mitsui Sumitomo Insurance Group (MSIG), we champion good management, focus on client relationships and create innovative underwriting solutions for Professional Indemnity Insurance.

The depth of knowledge and experience within the team enables us to write business in an increasingly volatile and complex market. We look to work with clients with a proven track record and who support sound risk management practices.

When writing Professional Indemnity and Directors' and Officers' covers, we aim to lead the primary or excess layer, dependant on the exposure of the risk or trade.

We are one of a very few Professional Indemnity specialists to focus on Risk Management. We believe standard forms and routine formulae restrict innovation.

Which is why we're committed to working in partnership with brokers and their clients to deliver best practice. Professional Indemnity can be a major budget issue for companies, so we're keen to understand what they're doing to manage risk and how we can help them still further.

So rather than pigeon-hole companies by their sector, we'll take an objective look at their quality procedures, systems, processes, training, file management before making an underwriting and premium decision.

The highly experienced underwriters in our Lloyd's-based team focus on professional firms and professional services companies in the UK and EU with premiums of over £10K.

Risk Engineering

Claims history is traditionally one of the key factors considered by underwriters when determining policy conditions, the premium to charge or even deciding whether to underwrite the risk at all.

However, the claims history is just that; it is a historic indicator of the risk in the past and it does not necessarily reflect the quality of the current risk.

Companies with a poor claims history may have reacted positively by tightening their control procedures or even withdrawing from high-risk areas of business, whilst some of those with good claims history may be a disaster waiting to happen and have just been plain lucky.

MSIG strives to understand more about a client than is available from their claims history, a generic proposal form and the broker's presentation. We want to know about the insured's attitude to risk and how, in detail, they go about minimising their Professional Indemnity (PI) exposure.

This is why we often supplement the standard underwriting information we receive with a PI Risk Management Survey. The survey assesses the quality of the procedures and controls in place to manage PI exposure.

Armed with this information, we work with brokers and their clients to improve risk management and prevent claims. This allows us to identify the poorer risks before a claim is made and over time, build up a high quality client portfolio, the benefit of which we can pass on to brokers and their clients through the premiums and coverage we are able to offer at renewal.





This survey is a key tool in our underwriting philosophy of actively seeking higher quality clients and building a long term relationship based on a shared aim of reducing avoidable claims.

What does the survey entail?

The survey assesses a company's PI risk management controls against a best practice model and makes recommendations for improvement where appropriate.

The model details the set of controls and procedures, that should be in place to reduce the incidence and severity of PI claims. It also ensures that the impact of any dispute, complaint or PI claim is diminished through the retention of appropriate records with which to provide a robust defence.

The survey is not onerous in terms of the impact on people's time and normally requires no more than one day on site. The survey starts with a structured interview with a member of the senior management team, typically lasting around an hour.

This involves a discussion of the history of the organisation, the business, the key PI risks, the control infrastructure in place and the effects that future strategy might have on the risk profile.

Following the initial interview, individual practitioners are interviewed to identify the checks, procedures and controls in place to manage the day-to-day activities. These interviews normally take between 45 minutes and an hour.

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Samples of operational files are reviewed to ascertain the degree to which checks, procedures and controls are in evidence on file.

The content of procedural documents, held in hard copy or electronically, is also assessed and where PI claims have been reported, the relevant files are reviewed and discussed in order to identify underlying causes and confirm that procedures have been amended, where possible, to prevent recurrence.

At the end of the survey, the findings and recommendations are discussed with a member of the senior management team. This feedback session ensures that our client can take comfort, that the findings detailed in the report will be accurate and that recommendations are practical and add value to their business. The insured is provided with a clear action plan for improvement that focuses attention on the areas of greatest exposure.

What are the benefits?

For us as the insurer, the PI risk management survey provides: -

- A more complete picture of the insured and their approach to risk.
- An opportunity to work with the insured to improve their risk management standards, which can be reflected in the pricing and premiums we can offer.

We always receive positive feedback following surveys, even from those who feel that they have all aspects of professional indemnity risk covered.

The benefits include: -

- An independent and impartial assessment of the risk controls in place.
- An opportunity to discuss risk management, learn from experiences with peer group firms and lessons from other sectors.
- A clear action plan prioritising any areas of improvement.





- The avoidance of PI claims that are costly both in terms of policy excesses and potentially damaging to reputation.
- Improved customer service and retention.

Examples of Survey Findings

Issues commonly identified within surveys include the following: -

Reality gaps – There are few organisations that do not take PI risk management seriously. However, there are differences in the extent to which organisations are successful in implementing their risk management programmes. The survey often identifies gaps between the procedures that senior management believe are in place and those that have filtered down through the business and are actually incorporated into daily practice.

Audit trails – Many organisations find that claims go against them, not because they have been negligent but because they are unable to prove that they have delivered the professional service they know they have. Without documentary evidence on which to base a defence, settlement is often the insurer's only course of action. The survey gives the insured an impartial assessment of the audit trails in place and whether these will provide a defence with which to successfully fight a claim.

ISO 9001 – ISO 9001 is often a key part of an organisation's risk management strategy. However, the requirements of a Quality System do not necessarily complete those of a risk management system. The survey identifies any gaps in the Quality System so that supplementary controls and procedures can be developed, in order that both quality and professional risk issues are addressed through the procedural network and internal audit programme.

Gratuitous advice – A quick telephone call from a company's client asking for an informal opinion is common in many business relationships. However, any such opinion or advice, even when provided for no fee, carries the same liabilities as that provided within a formal instruction. It is, therefore, important that there is a clear control structure for such advice, within which, at the very least, records of such discussions are made and guidance given on when the advice should be brought into the scope of a formal instruction.

Claims Management

MSIG firmly believes in and embraces the proactive management of our claims. We have invested in experienced Professional Indemnity Claims Technicians to work with and manage carefully selected Third Party Administrators (TPA's) that we have chosen to deliver our Claims Service.

In this way we are able to maintain a focus and perspective that allows us to make the best use of our resources to bring value and flexibility to the service we deliver to brokers and their clients.

As way of proof, here is a quote from one of our broker partners; 'No two Willis clients are alike, and MSI have proved themselves to be flexible and proactive in their willingness to work with us in order to meet our client's needs.'

MSI is also committed to achieving high standards in claims handling and fully supports Lloyd's Claims Management Principles and Minimum Standards, the Electronic Claim File (ECF) initiative and Market Tracker, all of which are focused on maximising quality, efficiency and transparency in the claims handling process.

For further information contact your broker account team, call us on 020 7977 8321 or visit www.msilm.com