

Engineers



VANTAGE
PROFESSIONAL RISKS

There are many variations of engineering; chemical, civil, mechanical, electrical, electronic, structural, soil and geotechnical to name but a few, which apply to different areas of design and construction and in turn represent very different exposures that need protecting.

It is imperative therefore that the areas of work are correctly understood so that the professional indemnity insurance can be placed to provide the correct cover. In addition it is becoming more common for clients to insist on collateral warranties or duty of care agreements especially if there is no direct contract between the client and the engineering practice, for example in a design and build contract.

PI insurers generally take the view that they will accept claims arising from sensibly worded agreements but this may in some cases need to be endorsed into the wording for cover to apply. Others will address by setting out clearly the limits beyond which cover will not apply. It is also important to fully understand how the policy responds to the warranties or contracts in place, some contracts can extend the liability of the practice beyond the limitations of a standard policy which if not picked up can leave the company exposed.

As PI is written on a "claims made" basis, so in the event of a claim or circumstance it is the policy that is in force at the time the claims arises which would respond and not the policy in force at the time the error, omission or breach occurred, It is important to consider previous contracts or warranties when reviewing the cover in place. Especially if there has been a change of Insurers or the insurer has change their wording in previous year to ensure that the scope of the cover in place responds to the contracts previously signed.

Many of the professional bodies will have rules or minimum requirements for their members and it is important, especially for practices where they may

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have more than one regulator, to make sure that their professional body's rules are complied with. The main professional bodies with PI rules are:

- The Institution of Electrical Engineers (IEE).
- The Institution of Civil Engineers (ICE).
- The Institution of Mechanical Engineers (IME).
- Society of Automotive Engineers (SAE).
- The Chartered Institution of Building Services Engineers (CIBSE).

Failing to place cover in compliance with the rules laid down by the professional body can leave the practice open to investigation and in some cases fines for noncompliance, so it is important to ensure that your broker is a specialist in your profession. If your broker does not understand your profession and as such your cover is placed incorrectly then this can leave your business exposed to potentially crippling costs if the policy does not respond due to a gap in cover.

For further information, contact one of the **Vantage Professional Risks** team members on 020 7655 8020 or pi@vantageinsurance.co.uk

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