

GUIDE TO PROFESSIONAL INDEMNITY INSURANCE 2024



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RIBA regularly reviews its guidance material, to take into account changes in the legal and regulatory compliance environment. However, it is each member's responsibility to ensure they keep up to date with legal and regulatory compliance regimes, supported by RIBA CPD compliance requirements and RIBA standards material as this is published and reviewed from time to time. While every effort has been made to check the accuracy and quality of the information given in this publication, The RIBA does not accept any responsibility for any errors or omissions that it may contain, or for any misunderstandings arising from it.

Members should be reminded that ARB Standards of Conduct (for all Registered Architects) and the RIBA Code of Conduct (for Chartered members) and RIBA Code of Practice (for Chartered Practices) impose requirements for holding suitable insurance to cover potential liabilities arising from negligence or breach of contract associated with professional activities.

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IMPORTANT MESSAGE FROM THE PRESIDENT

Your reputation as an architect or design member of the RIBA, is in the success of the project and its also in the legacy of a building that people want to use, own and care for. Protecting your reputation costs time and money. An awareness of what can damage it, is crucial. Your reputation is precious. It can take years to build but only a moment to lose. You must protect it and this guidebook will help you understand how and what really matters in the way of professional indemnity (PI) insurance.

Mistakes and errors of judgement are often made by others and in a world of virtual reality in which people are closer to their computers than their colleagues, a lack of awareness of the decisions, thought processes and actions of others poses a real and present danger to your reputation - and potentially your livelihood.

The world of construction and the built environment is dominated by price and cost sensitivity and the best laid plans of the architect and designer can be thrown off course by the demands, failures, contradictions, and commercial priorities of others over whom you may have no control.

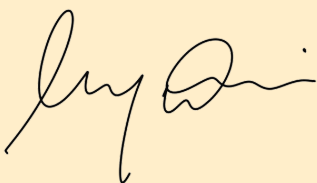
Being aware of how others can harm your reputation and your practice will prove to be one of the most valuable assets to your future success. Knowing what to do about it is the key to surviving the horrors of a complaint or claim against you, with your reputation intact.

This guide is the first of its kind to inform the modern architect or designer of the murky world of complaints, claims, legal liability, and insurance. It is a subject no-one wants to know about; until something happens that requires reliance upon lawyers and insurers to save the day, save your business and save your reputation.

A 'cost of entry' to our profession is the risk that someone, at some time, will make a complaint or claim against you. You will need all the help and expert advice you can get. That is where a sound PI insurance becomes priceless. The guide serves as a reminder to all RIBA Members to encourage them to purchase their PI insurance carefully. It is unlikely that you will have a career without making a mistake and it is highly likely that you will one day need your PI insurance to help you out of complaint or claim- even if you are eventually found not to be at fault.

You must also meet our professional codes of conduct and that includes a requirement to have PI insurance to ensure you are properly advised when a complaint or claim arises.

I commend you to take the time to read this guide. It will inform you of things you need to know to keep you and your reputation in safe hands.



Muyiwa Oki
RIBA President 2023-2025

A NECESSARY EVIL?

PROFESSIONAL INDEMNITY (PI) INSURANCE – HOW IT WORKS IN PRACTICE

Insurance is often described as a ‘necessary evil’. It is almost impossible to measure or judge the value of insurance until one has experienced a loss or damage, and for which there is no insurance. That applies to almost every aspect of both private and business life. Few people, or businesses, have sufficient spare cash or other financial resources to pay for the consequences of serious loss or damage to their property, their car and, increasingly, even their person. The profit margins of architectural practices in the UK are generally insufficient to bear the cost of unexpected events of any kind.

PI Insurance is a statutory and professional obligation. It provides every RIBA Member involved in design, the essential protection for their business and their reputation. It also ensures that your clients and the eventual owner, occupier or user of the building can expect the protection of a remedy if they are advised to make a claim against you.

The probability of an architect experiencing an allegation of ‘professional negligence’ is becoming increasingly high. This is especially so since the exposure to, and awareness of, fire-safety and combustible cladding issues and the subsequent impositions of the Building Safety Act expanding obligations and duties of care and extending the statutory periods of liability.

This guide explains to RIBA Members how to purchase PI insurance carefully, to meet our professional codes of conduct and can be properly and professionally advised when a complaint or claim arises. It includes:

- understanding the features of a policy
- how to compare competing policies and quotations
- how to complete an application or proposal form for insurance
- understanding contractual relationships
- the process of protecting your practice and thereby protecting your clients through appropriate PI insurance
- what to do when the inevitable crisis occurs
- the dangers of denial
- how to recognize circumstances which might give rise to a claim
- the principles underlying insurance and how it works in practice
- a glossary of insurance terminology

The guide is written by experienced construction professionals with expertise in insurance and claims. Written with RIBA Members in mind using simple and clear language, it explains what insurers want to know and expect of you so that you can be better informed when applying for or renewing your PI insurance.

The Architects Registration Board (ARB) guidance on PII also includes advice and directions on matters of contemporary relevance as well as the fundamental principles of PII. See <https://arb.org.uk/architect-information/professional-indemnity-insurance/pii-guidance/>

This guidebook cannot advise any firm with regard to any particular incident or event, and, in fact, it does advise the firm to either notify the Circumstance or take experienced professional advice as to whether or not it should be notified.

Warning!

It is an obligation imposed by the Architects Registration Board that PI insurance is arranged and maintained at all times for the dual objectives of protecting the firm and the reassurance of clients that the architect is protected by insurance in the event of the necessity to make a claim against the firm.

Section 8 of the ARB Architect's Code requires:

- 8.1** You are expected to have adequate and appropriate professional indemnity insurance cover for you, your practice and your employees. You should ensure that your insurance remains adequate to meet a claim. You are expected to maintain a minimum level of cover, including run-off cover, in accordance with ARB's guidance.
- 8.2** The need for cover extends to professional work undertaken outside your main practice or employment.
- 8.3** If you are an employed architect, you should, as far as possible, ensure that insurance cover and/ or other appropriate indemnity arrangements are provided by your employer.
- 8.4** When requested, you are expected to provide ARB with evidence that you have professional indemnity insurance in accordance with this Standard.

Therefore, it is a breach of the code to enter into contracts which include indemnities or other similar clauses imposing unlimited liability which are not insurable.

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