

## IT&T Professional Indemnity & Liability Insurance

If you're operating under any structure other than PAYG, you will require insurance. The type will depend on your engagement, but typically it will be **Professional Indemnity**, Public & Products Liability as a minimum. In many cases, Workers Compensation is also required.

**United Insurance Group Qld** is able to offer a competitive deal on all of your insurance needs. We act for you as our client and source the most appropriate covers at the most competitive price.

### **Professional Indemnity Insurance**

This type of liability cover provides protection for negligent advice or a service provided by you, and is designed to safeguard you against claims made by clients for any resulting financial loss or damage to their reputation.

Claims may arise as a result of your client suffering financial loss due to an alleged instance of neglect or oversight on your behalf. Most agencies require a \$1 million minimum cover. As a rule of thumb, all agencies and clients require this insurance before engaging you.

This type of insurance should also cover legal fees and costs.

Some of the more common **Professional Indemnity** lawsuits arise from:

- Negligence, omission or error
- Unintentional breach of contract
- Unintentional breach of intellectual property rights (copyright, trademarks, broadcasting rights, passing off i.e. Breach of Implied Statutory, Breach of Professional Duty)
- Loss of clients' original documents or data (these could be damaged, lost in the post or even stolen while in your care)
- Unintentional slander or libel
- Unintentional misuse or breach of confidential information or breach of confidence

**Professional Indemnity** insurance is required to fend off spurious claims and in defending allegations from dissatisfied clients.

### **Public & Products Liability Insurance**

Public & Products Liability insurance protects you from loss or damage resulting from a claim for damages by a third party arising from negligence on your part (i.e. being found liable for death, injury or damage to property causing economic loss)

Typically the Public & Products Liability "add-on" to an IT&T Insurance package forms approx 20% of the premium costs. More often than not, the Public & Products Liability section added on will cost you less than having Public & Products Liability under a Business Package insurance program. You should consider combining it with your Professional Indemnity insurances and having it with the one insurer. This is highly recommended as Business Package coverage is generally not designed to cover the unique exposures faced by an IT&T Professional.

## Some things to consider when arranging your insurance:

### Why combine PI and Public/Products Liability?

As an IT&T Professional, when providing software advice and/or design, are you providing a "service" or a "product"? Understandably, the uncertainty has caused confusion in the handling of insurance claims. Should the claim be treated as a "service" and therefore be covered under a Professional Indemnity policy? i.e. the claim arose from a breach of the Insured's professional duty.

Alternatively, should the claim be treated as a "product" under a Public & Products liability policy i.e. the claim arose out of a product or manufacturing fault? Finding a solution to this is as simple as providing IT&T Contractors with all Liability covers in One Insurance Package.

### Can I change insurance companies without too much worry?

Short answer to this is "Yes" you may change insurance companies without too much concern provided that you are not aware of any pending actions against you and have notified all claims and circumstances which may have arisen during the previous period to that insurer.

We are all familiar with purchasing insurances such as motor, home contents and buildings insurance and understand the basis upon which they are written. In return for a premium, the insurance company will pay if a loss occurs within 12 months from the commencement date of the insurance.

Professional indemnity insurance however, is not written on the same basis. It is written on a 'claims made' basis, which means that it is the insurer in place when a claim is received that will respond rather than the insurer in place when the negligent act occurred.

For example, if you are insured on 1 January 2009 for a period of 12 months with the XYZ insurance company, that insurance company would, subject to the terms of the policy, meet and pay all claims that were made during that period, as a result of any activity that you had undertaken in the past.

If on 1 January 2010 you were to change insurers and take out a policy with ABC Insurance Company, then that insurer will, subject to the terms of the policy, meet and pay all claims arising during the period 1 January 2010 to 31 December 2010.

If a claim were to arise in 2010 as a result of work undertaken by you some time during 2009 it would be to the ABC Insurance Company that the claim should be made, rather than to the XYZ Insurance Company.

- ✚ Because of this claims made basis of the insurance your policy will contain conditions that you notify all claims and circumstances to insurers as soon as possible.
- ✚ Where you receive a 'claim' (a letter formally advising you of legal action, or an indication to the effect - "I'm going to sue you") you must notify this to insurers as soon as practicable.
- ✚ Where the requirement to notify falls towards the end of the policy it is vitally important that you notify before the policy expiry date. This is onerous on you but you should ensure your firm has systems in place to deal with this eventuality or you risk your cover being avoided.

Changing insurers is not a problem. You must simply consider when changing insurers to be especially careful in not delaying the notification of circumstances or claims should any have occurred or you are aware of any potential for a claim to arise.

### **Laptops and Portable Equipment Cover**

Laptops are frequently stolen, and many suffer from accidental damage. Statistics show that at least 50,000 laptops are stolen each year in Australia - that's one every 10 minutes!

And there are even more incidents of accidental damage through dropping, tripping over cables, liquid spills etc.

Mobile equipment is at its most vulnerable when you are travelling. Unfortunately most home and business policies do not cover theft and damage that occurs outside the home or office environment, and this is exactly when you are most likely to need insurance protection.

Ask our insurance representatives how best to cover your portable equipment, you will be glad you did.

### **Workers Compensation**

This insurance is compulsory, but may differ slightly between states. If you are a company with staff working for you as PAYG, you have to provide this insurance for each of them.

Each state differs in their approach to Workers Compensation and it is best to discuss your requirements with your broker representative.

For a free, no obligation quote on any of the insurances mentioned above, please [email](#) us.

# IT&T Professional Indemnity Insurance matters!

As an IT&T Professional, when providing software advice and/or design, are you providing a "service" or a "product"?

Understandably, the uncertainty has caused confusion in the handling of claims. Should the claim be treated as a "service" and therefore be covered under a Professional Indemnity policy? i.e. the claim arose from a breach of the Insured's professional duty.

Alternatively, should the claim be treated as a "product" under a Public & Products liability policy i.e. the claim arose out of a product or manufacturing fault?

Finding a solution to this is as simple as providing IT&T Contractors with all Liability covers in One Insurance Package.

## Professional Indemnity and Public/Products Liability

Don't just hope for the best, ask an expert for the right advice.

For more on Information Technology Insurance – Professional Indemnity Insurance

CALL US NOW  
**1300 800 091**

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**Call back request or click [Here](#)**

My insurances fall due in the month of:

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