

The policy insures 'professional' persons or associations/partnerships for their legal liabilities to third parties arising from their professional negligence or that of their employees.

The types of 'profession' to which this insurance applies are:

- solicitors;
- accountants;
- architects and surveyors;
- insurance and stock brokers;
- medical doctors, dentists and other medical practitioners.

THE COVER: Professionals may fail to exercise the skill and care that is expected of them - this skill and care is above and beyond the 'normal' duty of care. Professional indemnity cover is for 'Loss arising from a breach of professional duty by reason of any negligent act, negligent error or negligent omission'.

The main elements of the professional indemnity cover will typically consist of:

- legal liability/civil liability involving payment of;
 - damages,
 - claimant's costs and expenses,
 - defence costs;
- libel and slander (negligence does not have to be proven for a claimant to succeed with a libel and slander action);
- dishonest, fraudulent or malicious act of employees;
- loss of documents;
- compensation for court appearance.

Claims Administration: Policies are issued on a 'claims made' basis, which means that the claim must be made or reported to the insurer during the period of insurance. Example of the operation of the claims made basis of cover

Hypothetical Case history

2001: - architect designed a house

2002: - house erected as per the design

2003: - cracking appears on the walls

2004: - writ served on the architect alleging negligent design

2001: - the claim was caused

2003: - the claim occurred

2004: - the claim was made

It would be the 2004 policy that responded to the claim. If there was no policy in force in 2004 there would be no cover.

EXCLUSIONS

- Liability covered under a Public Or Product Liability;
- Fidelity guarantee;
- Loss of documents;
- Consequential loss;
- Liability arising out of pollution or contamination of any kind;
- Activities in connection with fairs and/exhibition, grounds boundary surveys, survey of sub-surface conditions;
- Estimation of quantities and qualities/arranging/handling materials;
- Atomic works, mining, dams, tunnels, bridges, offshore work;
- Losses arising out of physical acts of the insured, their agents/employees in respect of third party injury or destruction of property;
- Losses associated with ownership, maintenance or operation of aircraft, boat, automobile;
- Insolvency; and War and related peril.

SECTION A: Personal /Corporate Data

(Individual Applicant)

Surname: _____ Other Name: _____ PIN No: _____

Place of Work: _____ Occupation: _____

Date of Birth: (dd) _____ / (mm) _____ (yy) _____ ID/Passport No: _____

(Corporate Applicant)

Business name: _____ PIN No: _____

Nature of Business: _____

Name of Contact Person: _____ Position: _____

(Both Corporate and Individual Applicants)

Postal Address: _____ Postal Code: _____ Town: _____

Physical Address: Bldg: _____ Floor: _____ Street: _____

Office Tel: _____ Fax No: _____ Mobile Phone: _____

Email Address: _____

SECTION B: Technical Details

If policy is issued, it will be on a claim-made basis

Notice: The policy provides that the limit of liability available to pay judgements or settlements shall be reduced by amounts incurred for legal defence. Further note that amounts incurred for legal defence shall be applied against the deductible amount.

1. Name of applicant: _____

Address: _____

2. Limit of liability desired:

Kshs 1,000,000 Kshs 5,000,000 Kshs 10,000,000 Other

3. Deductible:

Kshs 7,500 Kshs 10,000 Kshs 20,000 Other

4. Please describe in detail the professional activities for which coverage is desired:

5. Is the applicant engaged in any business or profession other than as described in item 4? Yes No
If Yes, please attach an explanation.

SECTION B: Technical Details (continued)

6. List the total gross income / fees for the past three years derived from those activities in Question 4. In addition, please list projected income/fees for the current year.

Financial Year End

YEAR	AMOUNT
a) Current Projected	Kshs _____
b) Last Completed Financial Year	Kshs _____
c) Prior Financial Year	Kshs _____
d) Prior Financial Year	Kshs _____

7. For the income/fees listed in Question 6 - Please give the approximate percentage derived from each of the activities listed in Question 4.

ACTIVITY	% OF INCOME / FEES
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

8. Applicant is:

Corporation Partnership Individual

9. Year Established: _____

10. a) Is the applicant Firm controlled, owned or associated with any other firm, corporation or company?

Yes No

If Yes, attach an explanation

- b) Are any activities listed on Question 4 provided to such business enterprise? Yes No

11. Number of principals, partners, officers and professionals employees directly engaged in providing services to clients: _____

Number of non-professional employees (clerks, secretaries etc.): _____

12. Please provide the following:

Name in full of all partners/principals/ key employees	Professional Qualification	Date Qualified	How long in practice	How long as partner/principal

13. To what professional association(s) does the applicant firm belong?

14. Please include a list of applicant firm's five (5) largest jobs or projects during the past three (3) years. Please give, in detail: 1) Project/client name; 2) The nature of services performed for the client; and 3) the revenues obtained from those services.

15. Does the applicant firm use a written contract with clients?

In all cases Sometimes Never

Please attach a copy of your standard contract.

16. What percentage of the applicant firm's business involves sub-contracting to others: _____ %

Does the applicant firm provide professional services to business entities in which it retains an ownership interest? Yes No

If Yes, please explain. _____

17. Has any similar insurance ever been declined or cancelled? Yes No

If Yes, attach explanation _____

18. Is similar insurance currently in force? Yes No

If Yes, please provide:

Name of carrier: _____

Expiration date: _____

Limit: _____

Deductible: _____

Premium: _____

19. Attach current annual report and descriptive or promotional materials.

20. Have any of the individuals listed in Question 12 ever been the subject of disciplinary action by authorities as a result of their professional activities? If Yes, please explain. _____

21. Does any person to be insured have knowledge or information of any act, error or omission which might reasonably be expected to give rise to a claim against them? Yes No

If so attach full particulars.

22. Attach list and status of all errors and omissions claims made against any proposed Insured(s) during the past three years. If none, please tick here.

23. It is agreed with respect to Question 20, 21 and 22 above, that if such knowledge or information exists any claim or action arising therefrom is excluded from this proposed coverage.

All written statement and materials furnished to the company which this application is submitted (herein called the company) in conjunction with this application are hereby incorporated by reference into this application and made a part thereof.

This application does not bind the applicant to buy, or the company to issue the insurance, but it is agreed that this form shall be the basis of the contract should a policy be issued, and it will be attached to and made a part of the policy. The undersigned applicant declares that the statements set forth in this application are true. The applicant further declares that the information supplied on this application changes between the date of this application and the time when the policy is issued, the applicant will immediately notify the company of such changes, and the company may withdraw or modify any outstanding quotations and/or authorisation or agreement to find the insurance.

Applicant's signature: _____ Title _____ Date: _____

SECTION C: Payment Details

Payment Type (Please Tick)

- Cash: (Please pay directly to THE INSURANCE COMPANY)
- Cheque: Cheque No Bank:
- Premium Finance: (State the financing company)

IMPORTANT NOTICE

PAYMENT OF PREMIUM THROUGH THE INSURANCE COMPANY DIRECTLY

- Please note that all premium cheques must be written in favour of THE INSURANCE COMPANY. CASH must be paid direct to THE INSURANCE COMPANY and appropriate receipt obtained.
- Insurance cover will commence only after payment has been received by THE INSURANCE COMPANY. If any cheques are dishonoured cover will be deemed to have been inoperative with effect from inception

SECTION D: Requirements

Please attach the following which form part of this proposal. Without these documents, we shall not be in a position to process the Proposal.

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SECTION E: Declaration

I/We declare that the statements and particulars in this proposal are true and that I/We have not misstated or suppressed any material facts. I/We agree that this proposal, together with any other information supplied by me/us, shall form the basis of any contract of insurance effected thereon.

Signing this proposal form does not bind the proposer or underwriter to complete this insurance.

Executed at this day of 20

For and on behalf of:

Name:

Signature: Date:

(If Corporate): Designation of contact person:

Company Stamp:

SECTION F: Official use only

Period of Insurance: From: / / 20 Policy No:

To: / / 20 (both dates inclusive)

First Premium: Stamp Duty Total

Producer Code:

Proposal Status: (Note – check if all requirements are attached)

- Approved
- Deferred: Reason:
- Rejected: Reason:

Underwriter's Name & Signature: Date: