INTRODUCTION

› Claims trends in Professional Indemnity insurance.
› Is it all about the economy?
› Are there other factors which drive claims trends?
› In the context of the following sectors:
  - Property
  - Construction
  - Financial
  - Legal
ALL ABOUT THE ECONOMY?

Claims closely connected to the housing market.

Another property crash?
  • Affordability concerns
  • Rise in interest rates
  • Brexit recession
PROPERTY SECTOR

› Another property crash?
› If supply meets demand.
PROPERTY SECTOR

Other claims triggers

- Buy-to-let
- Right to buy
- Leasehold enfranchisement
- Compulsory purchase

CONSTRUCTION SECTOR

Economic Factors

- Output in the industry fell faster than the rest of the whole economy in 2008
- Reduction in fees
- Late payment
- Skills shortage
- Private Finance Initiative
CONSTRUCTION SECTOR

Non-Economic Factors

‣ Building Information Modelling Level 2 and 3
‣ Broader category of ‘construction professional’
‣ Integrated Project Insurance

FINANCIAL SECTOR

‣ Contraction within the sector

![Graph showing employment trends in professional, scientific, and technical sectors and financial and insurance sectors](image-url)
FINANCIAL SECTOR

‣ Mis-selling, misbehaviour, mistrust
‣ RDR and the ‘advice gap’
‣ Robo-advice
‣ Pension revolution
‣ Interest rates
‣ Accountants: Aggressive tax avoidance schemes
‣ Auditors: Failing to spot misappropriations/black holes

LEGAL SECTOR

‣ An increase in demand for legal services
‣ A rapidly changing and consolidating marketplace
‣ Reform to legal sector
  ‣ Under-settled personal injury claims
  ‣ Under-settled matrimonial claims
  ‣ Rise in dishonesty
CONCLUSION

- The economy is a key driver for trends in PI claims.
- There are also non-economic factors.
- Often these are initiatives by the government or regulator.
- Even these are directly or indirectly linked to the economy.