



**Liberty**  
**International**  
**Underwriters™**  
Member of Liberty Mutual Group

# **European Professional Indemnity: Business and legal aspects**

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## An Underwriter's job is to...

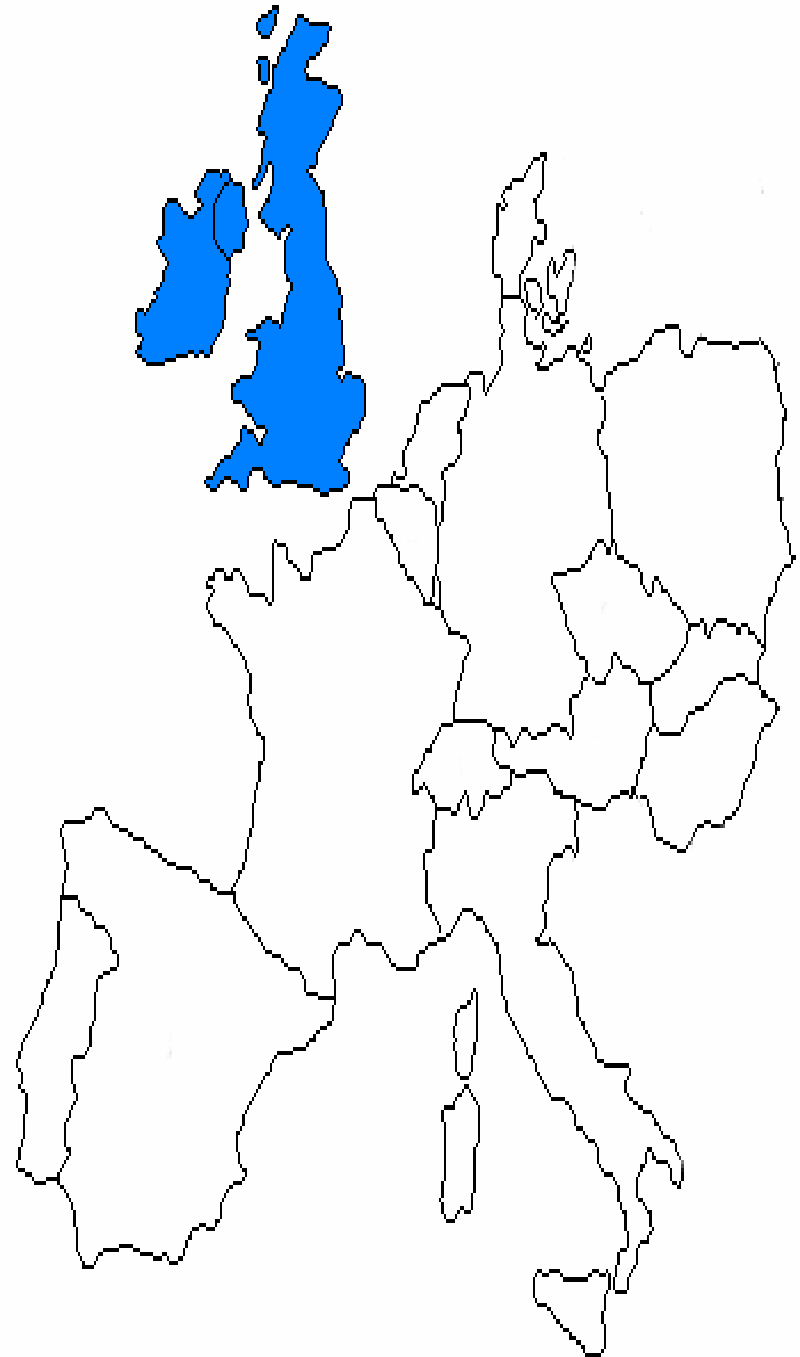
- Understand the risk exposure
- Be capable of pricing and setting terms and conditions
- To have knowledge of:
  - Environment
  - Law & Jurisdiction
  - Social
  - Economic

## Reasons why Insurers' experience varies

- Different professions
- Different target segments within professions
- Primary v Excess
- Direct v Reinsurance
- Different loss picks
- Expense ratio
- Economic scale
- 100% or co-insurance
- Reserving philosophy

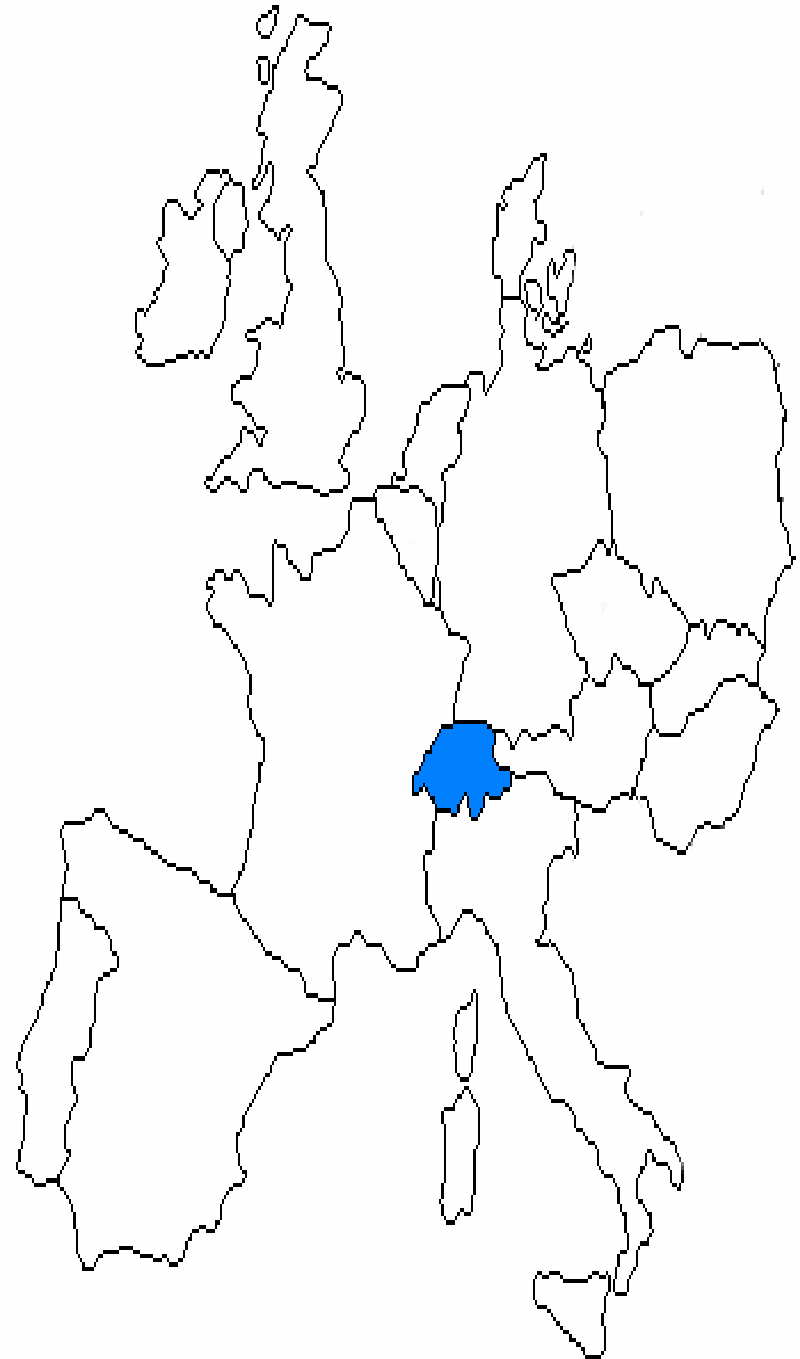
## UK & Ireland

- Claims made
- Common Law
- Many regulated professions
- Minimum terms
- PI separate from other classes
- Utmost good faith
- Any one claim coverage



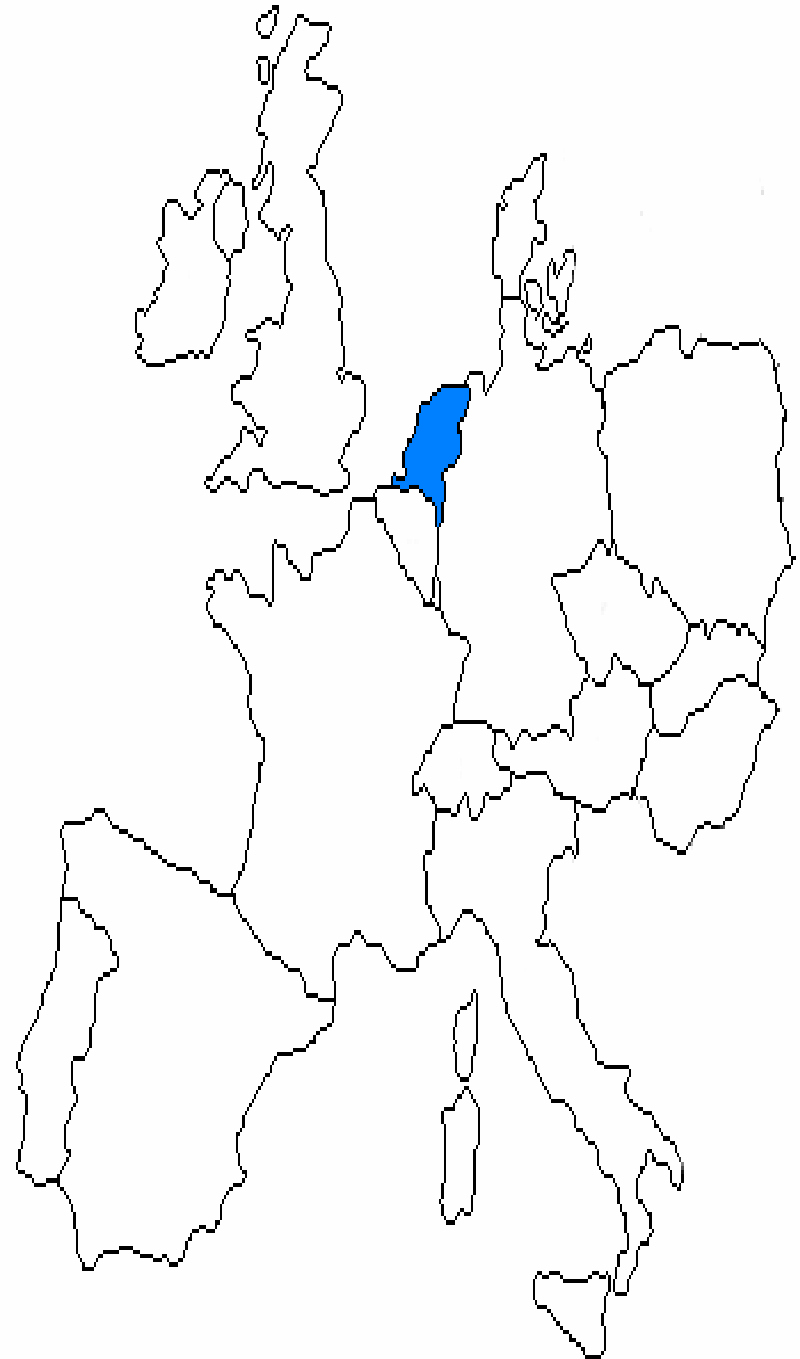
# Switzerland

- Claims made
- Retroactive date often unlimited
- Costs inclusive
- Capacity/Maximum exposure
- Discovery period
- Swiss Insurance Law is “Insurer friendly”
- Multi-year contracts
- Lack of SME business
- Some mandatory professions
- Low claims activity



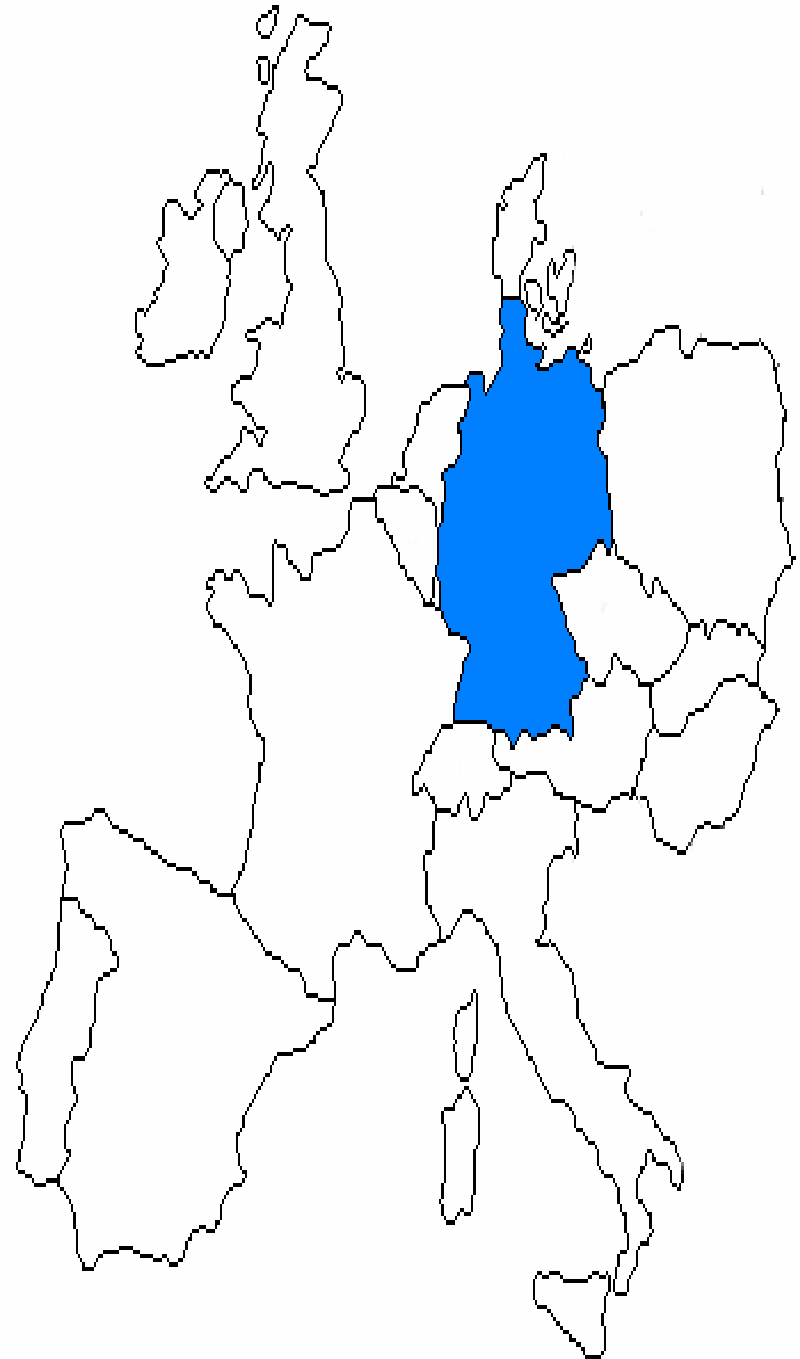
# Netherlands

- Mature market
- Claims made
- Costs in addition to the sum insured but with a maximum of 100%
- Tacit renewal
- Combined PI/GL
- Retroactive date
- Extended reporting period
- Standard Exclusions
- Required limits
- US exposure not generally included
- Role of the broker important



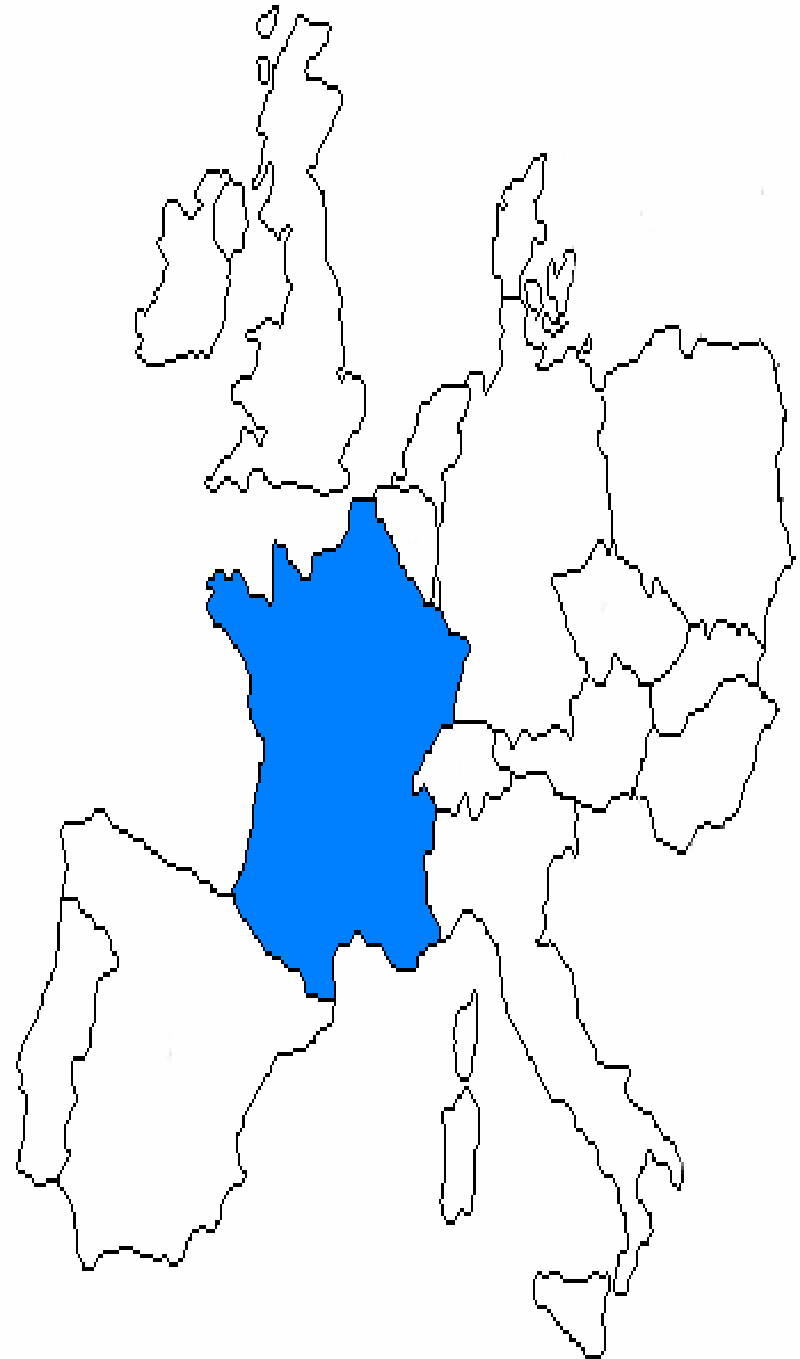
# Germany

- Acts committed or occurrence basis
- Tacit renewal
- Sometimes includes GL
- Limitation
- Low claims activity
- Limits purchased often low
- Barriers to entry
- Brokers not always involved in placement



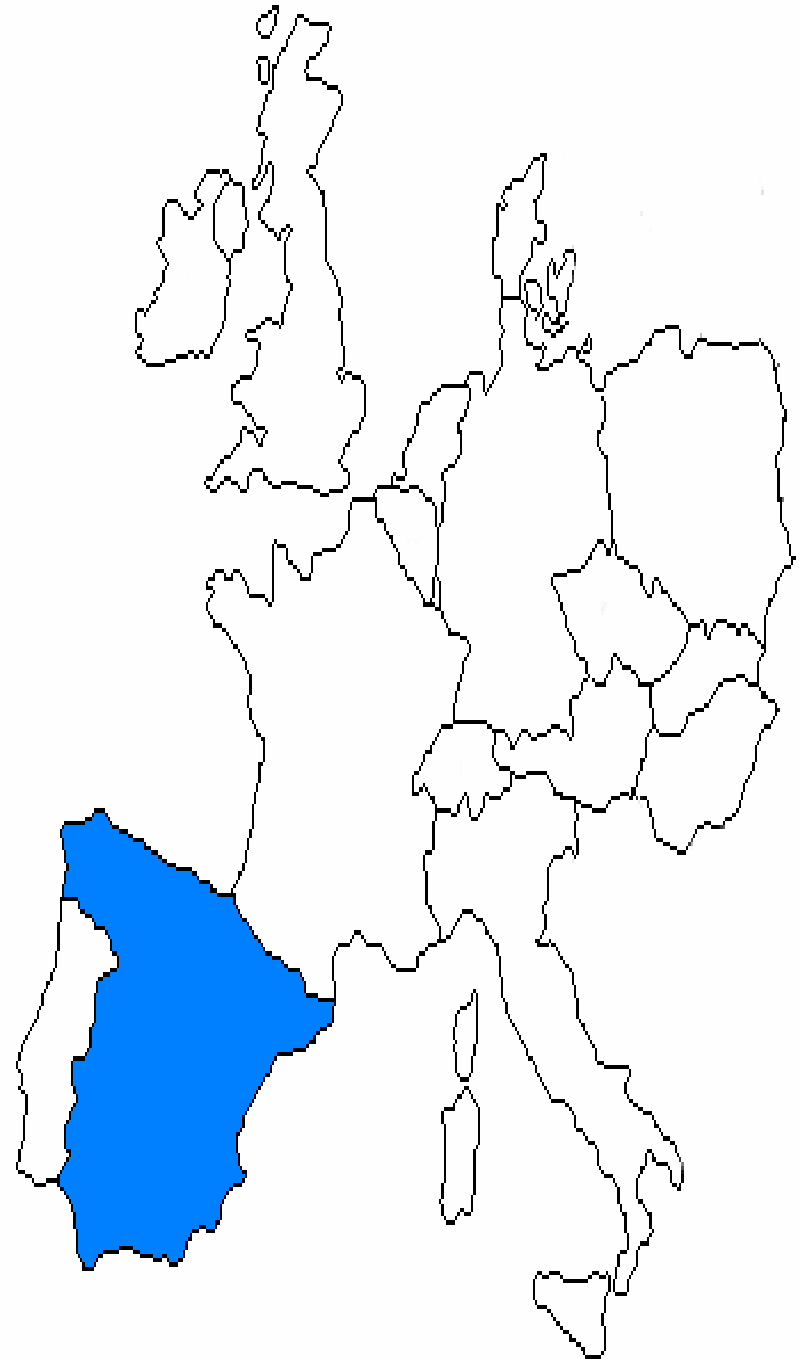
# France

- Claims made
- Tacit renewal
- GL extension
- Broad wording
- No retroactive date
- 5 year discovery period included as standard
- Duty of disclosure not favourable for insurers
- Multiyear policies becoming common in the soft market
- Different client relationship



# Spain

- Claims made
- Costs in addition
- Tacit renewal
- Combined PI/GL
- Retroactive date
- Extended reporting period
- Single annual aggregate limit
- Broad wording
- Territorial scope usually limited to Europe
- Direct action against Insurers
- Limits for professionals are generally small
- Low claims activity

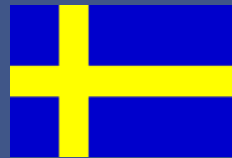


# European Relative Risk Continuum

On a scale of 1-10, 10 being riskiest

1

10



# Fronting

- UK insurers can front by passporting
- Credit risk
- Insolvency risk
- Practical issues