

SECURE YOUR CAREER, INCOME AND LIVELIHOOD WITH PROFESSIONAL INDEMNITY COVER

Organizations or individuals who provide professional services or give professional advice could be sued if a client or recipient is unhappy with their work.

Ghana's new Insurance Act, 2021 (Act 1061), stipulates that all professionals in specialised fields, such as doctors, lawyers, accountants, architects and other professional service providers are required to have Professional Indemnity insurance. Professional indemnity insurance is a commercial policy designed to protect professional persons or employers of professional persons in the event of litigation for negligence or other legal claims arising from their conduct or delivery of services.

Professional Indemnity - More than just red tape



While many professionals might see professional indemnity insurance legislation as just more red tape, "in an increasingly litigious age, seeing ever more professionals sued for malpractice, professional indemnity cover is, today, integral to the operation and survival of any professional service practice," says Mr. Adedayo Arowojolu, Managing Director of Coronation Insurance Ghana LTD.

The world over, "professional indemnity cover helps professionals keep their practices, incomes - and livelihoods - in the event of accident, negligence or error," he adds.

What is Professional Indemnity?

Professional indemnity insurance, also known as PI insurance or PI cover, covers professionals should a client or customer claim that their services or advice - or even their design or proposal - is inadequate, not as expected or advertised, or resulted in financial loss or the physical impairment of their client.

"PI cover protects you and your business against claims for alleged negligence, breach of duty, errors and omission, or any misrepresentation arising from the performance of your professional duties. The policy also covers any act of dishonesty perpetrated

by the employees of the insured professional or persons engaged under contract of service to the insured professional. Liability arising from the loss and theft of documents and data is also covered by professional indemnity insurance policies, which also cover legal costs as well as the costs of investigating and settling claims” explains Mr. Arowojolu.

Professional indemnity insurance is not only designed for traditional professionals who provide advice or a service to their customers. PI cover is for anyone who is an expert in a particular field and whose expertise and advice the public might rely on. Today, “this includes IT experts and even freelance consultants or service providers,” adds Mr. Arowojolu.

Considerations when getting a PI Cover

Even though Ghana’s new Insurance Act, 2021 (Act 1061) has made professional indemnity policies mandatory, and all professionals are required to have them, “beyond compliance, there is also a very real business and personal protection need for professionals in Ghana to take out PI cover,” advises Mr. Arowojolu.

When purchasing PI cover, there are certain considerations that professionals should be aware of when assessing the right amount, or limit of professional indemnity cover to purchase for their practice, service or business.

For example, while there is a correlation between the value and nature of projects and professional negligence exposure, “the type and value of your work is not the only factor to consider when assessing the right limits of PI cover for your practice or business” says Mr. Arowojolu.

It is commonly believed, for instance, that the more fees a professional business charges or the higher the value of a project, the greater the costs of a mistake or accident associated with that project. This is not, however, the case. “Significant PI claims can be generated from low value projects that deliver even minimal fee income,” warns Mr. Arowojolu.

As such, it is important for professionals operating in business to undergo a detailed risk assessment considering a range of issues, including, the professionals’ skills, experience, resources and size, complexity and method of project delivery.

How to assess the need for a PI Cover

Generally, professional indemnity exposure can be assessed by looking at;

- ❖ The cost of damage to property
- ❖ The implications of personal injury or death and
- ❖ financial loss attributed to the PI policy holder arising from their error or malpractice

Since the cause of any loss and subsequent professional negligence claim can result from any one, any combination or, indeed, all of these factors, “professionals operating or advising in Ghana need to assess how these factors apply to their practice along with what is affordable for them,” advises Mr. Arowojolu.

Coronation’s Service Offering

To assist professionals in Ghana to comply with the new Insurance act while also ensuring that professionals accurately cover their practices and services for the real risks that they face, “Coronation Insurance Ghana LTD is introducing world-class professional indemnity insurance supported by professional advice in the local market,” says Mr. Arowojolu. Coronation’s Professional Indemnity offering also includes;

- competitive premiums for individual clients and group policies
- an un-matched claims process
- 48 hours claims payment following submission of all relevant documents – all with the convenience of a digital self-service allowing customers to sign on, claim and administer the policy at any time and from anywhere.

Secure your career today with a PI Cover



Professional indemnity cover is a critical business tool for any professional or service provider operating in Ghana today. Fortunately, “the expertise and insight are also available in the local market to help Ghana’s professionals understand the risks that their particular practice faces. Finally, and most importantly, the experience is also at hand locally to accurately structure the right PI cover for the real exposures that Ghana’s professionals, advisors and service providers face every day,” concludes Mr. Arowojolu.