

THE IMPORTANCE OF PROFESSIONAL INDEMNITY INSURANCE

Early in her career, Bukunmi had everything going for her. Fresh out of university, she landed a role as an accountant at a thriving real estate firm in Lagos. Bright, hardworking, and driven, she became the go-to person for financial reports. In her third year at the firm, Bukunmi made a small oversight while preparing a financial report.

It was barely noticeable at first until it snowballed into a problem with a regulator, leading to the firm getting fined millions of Naira. The fallout was instant. Emails were flying, and several meetings were held to deliberate on what the next steps should be. Bukunmi began walking on eggshells at work, and her confidence was slowly eroded.

Bukunmi didn't lose her job and career like she thought she would. What saved the day was not her track record of precision or her employer's kindness. It was a Professional Indemnity Insurance policy, also known as Professional Liability Insurance, that she was not even aware of.

Professionals Don't Talk About Mishaps Enough

The workplace has become increasingly complex and fast-paced over the last decade. This means that mistakes are not a matter of if, but instead, when. Whether you are a consultant, architect, lawyer, doctor, engineer, accountant, or even a creative professional, you must understand that your work carries responsibility and risk.

Clients rely on the expertise of the professional they engage to make and execute critical decisions that would be beneficial to them. But what happens when advice is misinterpreted, a core detail is missed, and expectations fall through as a result?

Professional Indemnity Insurance exists for this reason. It provides financial protection when a client or employer claims that your professional service or advice caused them loss or damage. This includes legal costs, settlements, and compensation.

Beyond the financial safety net, having Professional Indemnity Insurance cover plays a role in how professionals are perceived within their industries.



Credibility is an Unfair Advantage

In many industries, trade bodies, and professional associations, having Professional Indemnity Insurance is no longer optional. It is expected, and in some sectors, it is a legal or regulatory requirement. Failing to have the necessary coverage may lead to penalties, loss of licenses, or inability to secure contracts.

Corporate and international clients often require proof of Professional Indemnity Insurance before signing contracts. It signals that an organization or individual is responsible, values professionalism, and is prepared for potential risks that may arise.

In crowded industries, having Professional Indemnity Insurance cover becomes an unfair advantage that distinguishes professionals and organizations from their competition, positioning them more strategically for opportunities.



How is Professional Indemnity Insurance Used?

Several employers maintain Professional Indemnity Insurance policies for employees in critical roles. However, they are not always mandated to disclose this to employees. When an incident occurs involving an insured professional, the organization can file a claim.

The insurer then steps in to cover legal expenses, fines, or settlements arising from the incident, helping to absorb the liability from the organization or professional.

With Professional Indemnity Insurance, errors can be managed as part of a learning process that supports improvement, rather than becoming a source of financial or reputational damage.

Professional Indemnity Insurance for Freelancers and SMEs

The rise of freelancers, consultants, and small and medium enterprises (SMEs) across Nigeria has made Professional Indemnity Insurance even more important.

When you operate independently and are uninsured, no one absorbs risk on your behalf.

One professional mistake in a client engagement can quickly escalate into a legal dispute that drains finances, damages reputation, and in extreme cases, leads to business closure. This is why freelancers and SMEs are strongly encouraged to secure Professional Indemnity Insurance.



How Much Professional Indemnity Insurance Do I Need?

The amount of professional indemnity insurance you need depends entirely on your business; its size, the type of work you do, and the value of the contracts you handle. Because this cover can also protect work you've completed in the past, the right level of insurance will also reflect how long your business has been operating and how much of your previous work you want to safeguard.

Managing Risk is Part of Professional Responsibility

Professional development is often associated with upskilling, networking, and positioning for opportunities. However, risk management is an equally important but less discussed part of professional responsibility.

As professionals grow, their exposure increases, and with that comes greater risk. Unmanaged risk can stall or reverse progress.

Professional Indemnity Insurance serves as a strategic tool that allows professionals and businesses to operate confidently, expand into new markets, and take on larger clients with reduced exposure.

Coronation Insurance: Your Partner in Professional Protection

Across industries, professionals constantly face moments that test their competence and judgement. The question is not whether challenges will arise, but whether you are prepared when they do.

At Coronation Insurance, we understand that behind every professional is years of grit, ambition, resilience, and the drive to build something meaningful.

With our Professional Indemnity Insurance, we are your trusted partner in protecting what you have built. We offer:

- Comprehensive coverage against claims arising from errors, omissions, or negligence in your professional services.
- Legal cost support for legal defense or settlements, preventing you from handling disputes alone.
- Flexible and tailored policies that are suitable for different professions and industries.
- Expert guidance from our team of seasoned professionals who have an in-depth understanding of the Nigerian business landscape.

By choosing our professional indemnity insurance, you're planning ahead, protecting yourself from any future consequences, and helping your business continue in the aftermath of an unexpected claim.

To learn more about our Professional Indemnity Insurance, contact us via email at info@coronationinsurance.com.ng or call 02-01-2275475 | 02-01-2275476.