PROFESSIONAL INDEMNITY INSURANCE
REDUCING YOUR RISK
WHY YOU REALLY PURCHASE PROFESSIONAL INDEMNITY INSURANCE

Professional Indemnity Insurance (PII) is one of the major expenditures of any accountancy practice. In an ever increasing litigious society it is imperative that you ensure you have suitable cover, not just to meet your regulatory requirements but to also protect your business.

Given your role as a ‘trusted advisor’, accountants are particularly vulnerable to the financial consequences of mistakes and/or bad advice. Indeed there can be times that even if you have carefully done your job, a mistake or error may occur, for example:

- Late or incorrect tax returns filed
- Incorrectly prepared Tax and Statutory returns report
- An error in accounting or bookkeeping
- An audit being challenged by various stakeholders and regulators
- The provision of incorrect advice to a client, resulting in a financial loss
- Claims being brought by third parties for outside directorships
- Fraud and dishonesty by employees
- Litigation arising out of insolvency events which can be of a personal nature

Furthermore vexatious claims are on the increase, which can be time consuming and can lead to reputational damage. You need an insurance policy that is not just value for money but also provides peace of mind by knowing you are fully protected.

“I have to date found Willis to be a reliable and long term partner in the procurement of our insurances, and indeed they have provided innovative solutions to both the placement of insurance and resolution of complex claims. Willis, FINEX Global continue to lead the way by utilising a pro-active client centric approach which ensures the best results for our firm.”

A UK Risk & Procurement Partner Accountancy Practice
WHY WILLIS?

PII is critical to managing risk and protecting your business. However, purchasing PII for accountants can often be complex. Willis has a long established history of the placement of innovative accountancy risks and as such our specialists ensure that our clients have the most appropriate insurance cover in place for their business at a competitive price.

Our Professional Indemnity team is one of the largest in the UK. Our insurance professionals have developed an in-depth knowledge of trends and issues facing the accountancy profession. This, combined with our market leading expertise ensures that our clients are protected on a cost effective basis.

In addition to this we are able to provide additional services to accountancy practices, from solutions for other lines of insurances through to insolvency bonds, captive management and employee benefits.

RISK MANAGEMENT SERVICES

Prevention is better than cure and managing risk is a better way of protecting your firm from increasing costs, disruption to your business and potential reputational damage. Our specialist division CORRE is a professional compliance, risk and regulatory consultancy, offering practical, commercial and cost effective guidance to professional service firms.

The team has a breadth of experience that is unrivalled in the market. It is made up of highly experienced professionals, including former lawyers and consultants, who have worked with professional firms over many years. CORRE's team members have represented firms of all sizes throughout the UK and internationally.

CORRE also provides discrete consultancy services directly and in collaboration with other experts within their fields.

To find out more information about CORRE please go to: www.correconsulting.com

EXPERT CLAIMS TEAM

Effective claims handling comes down to preparation and communication. Willis does not outsource any part of the claims service to a third party which keeps the lines of communication between you and your insurer clear and concise. Our in-depth knowledge of the claims process combined with close relationships with insurers’ claims teams, adjusters, accountants and other experts, ensures we maintain control over a claim and provide our clients with a more responsive service. By definitively acting for our clients with no dual role and involving them in the claims strategies, we can make a real difference to the outcome of our clients' claims.

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CLAIMS SCENARIOS

**PROBLEM**
A client is advised on the structure of their company and personal assets to qualify for Enterprise Investment Scheme (EIS) relief. It was subsequently found that the advice provided was negligent as EIS relief was not triggered, resulting in a potential six figure claim against the accountancy firm.

**SOLUTION**
Working with insurers the accountancy firm was able to mitigate the loss and rectify the position, with the ultimate goal being that the accountancy firm was able to retain their client and strengthen their relationship with them.

**PROBLEM**
Following an insolvency, an Insolvency Partner was reported to the IPA due to allegations that the advice being provided was not in the best interests of the insolvent firm. This circumstance triggered their Professional Indemnity Insurance programme.

**SOLUTION**
Upon receipt of the matter, Willis and insurers, on behalf of the client, engaged with lawyers to successfully defend the Insolvency Partner and have all allegations dropped. The associated legal costs were met by the Professional Indemnity Insurance.

**PROBLEM**
An accountancy practice had marketed a tax scheme which was designed to minimise tax for its members. After a period of time HMRC opened an investigation into the scheme and later concluded that the scheme was unsatisfactory and did not meet certain criteria and in effect failed. The net result of this was that the accountancy firm had hundreds of complaints with the main allegation being that the scheme was mis-sold and that there were insufficient warnings of the effect of a HMRC investigation.

**SOLUTION**
Once the client had notified Willis and insurers of the matter, we were able to engage with lawyers to help mitigate the matter. The claims were ultimately successfully mitigated with the client only liable for their fees in certain instances and insurers responsible for the associated legal costs and a small level of indemnity payments.
COMMON MISCONCEPTIONS
Common misconceptions of accountants Professional Indemnity Insurance include:

‘The coverage doesn’t matter as the ICAEW wording covers everything.’
Whilst it is true that the minimum terms and conditions are very broad, it does have to be remembered that in this ever evolving world, scenarios arise which the wording may not be able to address, for example regulatory investigations.

‘Insurance will cover my management time in dealing with a claim or circumstance.’
Incorrect: the standard minimum terms do not provide this indemnity, however it is possible to provide this through negotiation with insurers.

‘Insurance will cover all my historical advice.’
Incorrect: unless it has been agreed with insurers, it is possible that insurers will have applied a retroactive date which in effect excludes all acts of negligence prior to this date.

WILLIS KEY BENEFITS

EXCLUSIVE
Willis have solutions for small, medium, large and the truly global accounting firms.

GREATER PROTECTION
We consistently provide insurance cover beyond the minimum required by the ICAEW and ACCA. We protect your interests in the event of a claim.

HELPING YOUR BUSINESS GROW
We provide help and assistance as your business develops with particular help in Mergers & Acquisitions and lateral hires.

PREMIUM SAVINGS
Our solutions are cost effective and could save you significant sums.

SIMPLE PROCESS & CLEAR INFORMATION
We make purchasing PII straightforward and our policy wording is easy to understand.

By definitively acting for our clients with no dual role and involving them in the claims strategies, we can make a real difference to the outcome of our clients’ claims.
KEY CONTACTS
If you are interested in PII or general insurance solutions then please ask your Willis contact for more details or contact a member of the team below:

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