

Professional Indemnity Insurance Guidance for Sole Practitioners

MFL Insurance Group Ltd offer some guidance for Sole Practitioners in seeking to protect their business and ensure their Professional Indemnity Insurance (PII) policy remains effective.

Sole Practitioners and The Need For Alternatives?

Sole Practitioner (S/P) members will be aware that the RICS Rules of Conduct state: 'appropriate arrangements for their professional work to continue in the event of their incapacity, death, absence or inability to work'.

What arrangements are in place in the event of absence or illness?

It is of course common-sense and good risk management to ensure business continuity in the case of unexpected absence enables the Insured Practice to continue to function in an orderly fashion.

Further, RICS guidance points to the need to make your Insurer aware of any alternate/locum agreements. PII cover needs to apply! See the RICS article [here](#)

When asking this question, Insurers may occasionally be told; 'I won't get ill' or 'I don't take a holiday'. Not unexpectedly, those PI Insurers do not find these answers acceptable and may then refuse to offer cover or even renew a cover already in place.

What is the PI Insurer looking for?

Many PI Insurers do not specifically ask about your alternate/locum arrangements when quoting, presumably expecting that the RICS mandate has been duly followed.

However, as far as the CAAV members' facility is concerned, you will be asked to confirm you have such plans in place; by doing so you can be confident that your PII will respond if needed, protecting your own Practice and the alternate/locum too.

What arrangements will PI Insurers accept?

You should confirm your alternate/locum arrangements in brief. For our part, the CAAV members' facility Insurers will typically be comfortable with a variety of solutions, e.g. with another qualified S/P, a larger Practice, a network type arrangement or indeed with an accountant or solicitor depending of course on any ongoing professional service responsibilities. The RICS recommend a formal agreement be established, this would be our recommendation also if possible.

What practical steps might be considered?

To summarise, if you haven't already done so, give consideration to the following:-

- Appointing your alternate/locum (including the nature of such appointment).
- The Agreement itself (e.g. delegated authority, client communication, professional standards, confidentiality, conflicts, work in hand, PII, fees).
- Accounts (access, accountants' access, bank agreement, client money procedures etc.)
- Document/Information Access (client records, operational control etc.).
- Referral to the RICS Rules of Conduct for more detail including sample formal agreements.

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