



TYSERS

PROFESSIONAL INDEMNITY

Guidance Notes To Completing Your Proposal Form



Since 1820

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Authorised & Regulated by the Financial Services Authority Ref. No. 308648

IMPORTANT PLEASE READ THE FOLLOWING BEFORE COMPLETING THE PROPOSAL FORM

Disclosure

It is important to remember that when applying for insurance coverage any material facts have to be disclosed to those underwriters with whom you are intending to effect your Insurance. A "material fact" is any information, which might influence the judgement of underwriters when they accept the risk. Material facts can also encompass any material change in circumstances and failure to disclose such information may cause the contract of insurance to be void and underwriters could be entitled to repudiate liability entirely.

It should be pointed out that the duty to disclosure continues throughout the policy period. Furthermore it is of utmost importance that any material facts or information which come to light after completion of this Proposal Form, but before the inception of the policy (including renewal), must be immediately notified to current and prospective underwriters.

Your Presentation to Underwriters

When underwriters look at this Proposal Form they are forming an opinion of your company/firm. Is this the image you wish to portray? The Proposal Form is also the basis of the contract of insurance with underwriters. It is therefore essential that the information given is accurate and all material facts and information relating to the risk are disclosed to underwriters.

The Proposal Form has been designed to capture as much information as possible concerning the business of your firm but the questions may not necessarily exactly fit the profile of your firm. In such cases please treat the Proposal Form as a skeleton document and provide additional information by attaching appendices to the Proposal Form. If possible the appendices should be typed on your firm's notepaper. The space available to answer the questions in the Proposal Form may be insufficient, in which case it is recommended that appendices are used rather than summarising the information.

Sometimes it is difficult for underwriters to correctly assess a risk merely using the completed Proposal Form. Accordingly it can be of assistance if brochures and other similar promotional material can be submitted with the Proposal Form. Details of any particular expertise of a senior person in the firm should be advised together with information regarding "peer reviews" and other quality control systems. It is worthy of mention that more Professional Indemnity claims are the result of bad contract conditions than of bad advice and underwriters would be interested in receiving examples of any standard Terms of Engagement/Conditions of Contract which seek to limit your liability under contract.



It is of equal importance to advise underwriters of "negative" as well as "positive" aspects of the firm's activities. Underwriters see a wide range of Proposal Forms and can be sceptical if a firm appears to be "too good to be true". In addition to the requirements of disclosure the genuine portrayal of the firm's activities can be beneficial from the point of view of both the cost and terms of the insurance.

Guidance regarding "claims and "circumstances"

The Proposal Form is often completed by one or two senior members of the firm and other Partners/Directors may be unaware of the information being submitted to the underwriters. The insurance will be effected in the name of the firm and the duty of disclosure relates to the whole firm and not just those persons who completed the Proposal Form. For this reason Tysers suggest that enquiries are regularly made of the senior staff (particularly at renewal) regarding any situations constituting a circumstance that should be notified because it may give rise to a claim in the future. As a matter of good practice it may be wise to circulate a copy of the completed Proposal Form to all Partners/Directors and ask them to confirm the accuracy of the information contained therein.

The vast majority of Professional Indemnity policies are underwritten on a "claims made" basis and cover must be in force at the time you first become aware of a claim or a circumstance which may give rise to a claim. It is therefore essential that when the Proposal Form is submitted every attention should be given to ensuring information provided is correct. You may not be sure the information is completely accurate and if so you should state as much and explain why this is the case (i.e. awaiting reports from your legal advisers).

Within this Proposal Form is a form upon which individual claims/circumstances can be detailed, a part of which requires information regarding past paid claims and current outstanding circumstances.

If you become aware of any new claims or circumstances which could give rise to a claim after the Proposal Form has been completed, then the current brokers should be notified immediately. You must also notify Tysers. If we are not your current brokers and you have submitted the Proposal Form to us for quotations. It is important to ensure that any new claims or circumstances are notified to your current brokers and accepted by your existing underwriters prior to the expiry date of your current policy.

Should you require any assistance in completing the Proposal Form, please do not hesitate to contact Tyser & Co Ltd. at:-

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