



Guide to Insurance

Professional Indemnity cover

If one of your clients suffers a financial loss because of alleged neglect, an error or oversight, professional indemnity insurance will meet the cost of defending claims and any damages payable.

This type of insurance should be taken out by any contractor who gives advice or designs and who is seen by their client as an expert. If you were a marketing executive for example and you inserted the wrong telephone number or address into an advert, PI could cover you for loss of sales and damage to your client's brand.

Public liability

You need public liability insurance if members of the public or customers visit your premises, or you go to theirs. This policy covers any awards of damages given to a member of the public because of an injury or damage to their property caused by you or your business. For example, if you were to spill some liquid on a client's computer, this policy would cover the cost of the damage caused.

Employer liability

The Employers Liability Act (1969) means that by law, all companies must have employers liability insurance. If you don't have it, you are committing a criminal offence.

The policy covers a company against its legal liability for loss, damage, injury or disease caused to an employee when they are at work.

Even if you are a limited company and are the only director with a 100% shareholding and no employees, you should still seriously consider this policy. If your spouse or partner is an appointed director, they are classed as your employee. If in the future you decided to take on temporary help, this would again make you an employer.

Many client contracts will have a substitution clause and you will be breaching the client contract if you don't take out this cover.