

# ACE Charter of PI Insurance Standards

Working with ACE, the panel has collectively proposed the following set of minimum terms and conditions for ACE members:

- 1 Annual claims made Professional Indemnity Insurance (PII) policy**
- 2 The PII policy should be fully retroactive**
- 3 Based upon Civil Liability insuring conditions**
- 4 Including as the Insured in their professional capacity**
  - 4.1 The member firm**
  - 4.2 Predecessors in business of the member firm**
  - 4.3 Persons or agents at any time employed by the member firm (or its predecessors)**
- 5 The policy should provide cover (or Insurers should be able to offer cover where required) to the member**
  - 5.1 for liability arising in accordance with any arbitration, adjudication or other alternative dispute resolution provisions to which the member commits under contract**
  - 5.2 for cost and expense incurred in the defence of criminal proceedings for breach of statutory regulation relative to building or construction works arising out of the conduct of the Insured's Professional Business**
  - 5.3 for Collateral Warranties**
- 6 The Contract of Insurance should include a provision for Inadvertent Non-Disclosure which meets the ACE minimum terms**

In addition, each broker has given a commitment to provide superior levels of service in the delivery of these Minimum Terms and Conditions. To underpin that commitment, the Panel Brokers will also be working to a set of minimum service standards. These standards deal with the entire process which members will experience and covers the following main areas:

- i. Completion of proposal form and the information that must be disclosed**
- ii. Insurance markets and market security**
- iii. Negotiation with insurers and quotations including timescales and terms**
- iv. Policy documentation and confirmation of cover**
- v. Invoicing**
- vi. Claims Handling**
- vii. Transparency**

If you wish the Panel Broker to provide services outside the scope of the minimum standards, you should detail and agree them with your Broker. You should expect your Panel Broker to submit a written proposal to you on the terms, including remuneration, upon which it might provide such additional services.

Don't forget, your Panel Broker is an insurance broker and risk management consultant. They do not offer advice in relation to tax, accounting, regulatory or legal matters and you are encouraged to take such advice as you consider necessary in relation to those matters from appropriate professional advisers.

Members are of course free to choose any level of insurance cover they wish. Nothing in this document should be taken to imply that such minimum terms and conditions are a requirement for the insurance coverage that members should purchase.

# Minimum service standards of ACE endorsed insurance brokers

The following template is merely a model for the main terms of reference you can expect from your Panel Broker.

## 1. Proposal Forms

You will probably be required to complete a proposal form or similar document. Your Panel Broker should provide guidance although they are not permitted to complete the document for you.

## 2. Demands and Needs

The Panel Broker should discuss with you your insurance requirements, including the scope of cover and limits to that scope and should endeavour to satisfy those needs.

## 3. Information required by underwriters - Quotations and placement of cover

3.1 You should expect the Panel Broker to agree with you timescales for the compilation of information and quotations in such a way that 3.1.1 they are able to review and work with you in order to complete the proposal form and other supporting information.

3.1.2 They are able to complete its necessary broking activity and submit renewal quotations to you with key details of the coverage, limitations, exclusions, insurers, premiums, etc.

3.1.3 You are able to consider the terms and provide the Panel Broker with the instructions.

3.1.4 They are able to complete the placement, deal with any insurer requirements that arise, and finalise an agreed policy wording prior to your renewal or required policy inception date.

In general terms, good practice would suggest that the information required by underwriters is finalised no less than 30 days in advance of the policy inception date and that renewal terms are put to you no less than 10 days prior to that date.

3.2 You should expect the Panel Broker to provide you with full details of all quotations that it recommends to you. All other quotations obtained on your behalf should be provided on request. You can expect to be asked to review all quotations provided and to confirm that the quotations accurately reflect the coverage, conditions, limits and other terms that you require, but this does not obviate the Panel Broker's duty to ensure that the quotations are for cover that correctly reflects your instructions.

3.3 Quotations sometimes include 'subjectivities'

imposed by underwriters. These are commonly Related to their requirement for additional information, but may also impose requirements upon you prior to, or during, the policy period. You should expect the Panel Broker to set these subjectivities out clearly within its quotation, and to explain to you the potential consequences that the information, when provided, may have upon the quotation – or upon the policy itself. You should respond to these as soon as practicable.

3.4 You should expect to be advised of premium payment terms (and any other charges additional to premium). If cover is subject to a premium payment condition or warranty of any kind, the Panel Broker Should also advise the date that premium is payable.

3.5 You should expect the Panel Broker to be able to offer you premium financing facilities which should be set out prior to inception informing you of all associated costs and charges.

3.6 You should expect to receive a formal Terms of Business Agreement, and for larger clients, the Panel broker may also formalise a Service Level Agreement with you which may include remuneration agreements.

3.7 A quotation may be valid for a given number of days (or hours) and upon expiry insurers may withdraw or vary it. If the quotation has no specific expiry date, insurers may withdraw or vary it at any time. The Panel Broker should draw your attention to these periods in its quotation.

3.8 The Panel Broker should be able to answer any questions you have in regard to the proposed cover, its benefits, restrictions, exclusions and conditions. If the quotation does not accord with your instructions or requirements you should advise the Panel Broker promptly.

3.9 The Panel Broker should use all reasonable endeavours.

3.9.1 To keep you informed of the progress of its negotiations and identify any inability to obtain the coverage sought by you.

3.9.2 To implement the insurance programme, subject to the availability of suitable insurers, prior to inception, renewal or extension of cover.

## 4. Markets

- 4.1 You should expect your insurance to be arranged with appropriate insurers and to recommend one or more from a range used according to the nature of the insurance required.
- 4.2 You should expect that if your Panel Broker assesses the financial soundness of the proposed insurance markets it recommends, then it does so using public information including that produced by recognised rating agencies. However the Panel Broker will not in any circumstances act as an insurer nor will it guarantee or otherwise warrant the solvency of any insurer used.
- 4.3 The Panel Broker should, where requested, be able to make available to you factual analysis prepared by its market security department in respect of listed insurers proposed for use.
- 4.4 The decision regarding the suitability of any insurer for your insurance rests with you. You should notify the Panel Broker immediately should you have any concerns regarding any insurer chosen to fulfil your insurance requirements.

## 5. Coverage Confirmations

- 5.1 The Panel Broker should send you confirmation of coverage once obtained. This confirmation will always be subject to the terms and conditions of the policy which should be sent to you upon finalisation.
- 5.2 Increasingly, the FSA is requiring the Panel Broker to provide this confirmation to you (including the full text of the policy wording agreed with your insurers) at or before inception. The FSA refers to this as 'Contract Certainty'.
- 5.3 You should expect to be asked to review the coverage documentation sent to you to ensure that it accords with your instructions and notify the Panel Broker immediately if you have any questions regarding the coverage, limits or other terms and conditions or are concerned that your instructions have not been implemented correctly.

## 6. Premium

The Panel Broker should:

- 6.1 Use all reasonable endeavours to issue invoices for all premiums (and mid-term alterations), not later than the 30 days after the inception date (or policy amendment date) unless alternative arrangements have been agreed by you.
- 6.2 Provide advice and assistance, if requested, in
  - 6.2.1 Calculating insurance premium tax in the UK and worldwide, if applicable.
  - 6.2.2 Apportioning your premium between operating companies / divisions.
- 6.3 Remit premiums (following receipt from you) to insurers within the time period set by the insurers.

## 7. Documentation

You should expect the Panel Broker to use reasonable endeavours to see that the following documentation is issued to you within the timescales indicated below:

- 7.1 Formal confirmation of cover with a copy of the full provisional wording. Your Panel Broker may combine with this a detailed insurance programme summary of cover outlining the insurance programme including significant exclusions and limitations. This should not be relied on as a substitute for a detailed policy wording.
- 7.2 The Panel Broker's own cover notes and debit notes, normally within 30 days of inception of cover.
- 7.3 Formally signed policies and endorsements, normally not later than 90 days after the inception date or policy amendment as appropriate. The Panel Broker should review the relevant policies for errors and discrepancies before sending them to you. You should, when you receive any policy, expect to be asked to review it to see that it is consistent with your requirements and should advise the Panel Broker if this is not the case. You are advised to pay particular attention to any policy conditions and warranties, as failure to comply with such clauses may invalidate your insurance cover. These should have been drawn to your attention at the time of confirming cover.

## 8. Claims Handling

- 8.1 Where direct claims handling procedures have been agreed, the sole responsibility for notification to the insurer rests with you. For full protection under a policy, you should:
  - 8.1.1 Familiarise yourself with the coverage conditions or other procedures relating to claims and claims notifications, as failure to adhere to the notification requirements (particularly with regard to timing requirements) may entitle insurers to deny a claim;
  - 8.1.2 In presenting a claim, disclose all facts that are material to the claims, and
  - 8.1.3 Retain copies of all insurance policies and coverage documents as well as claims reporting instructions (which may be needed in order to make a claim long after the expiry of the policy in question). You should expect to be able to call on your Panel Broker to provide assistance to you in clarifying any requirements for direct claims handling, including, here applicable, assisting in drafting internal guidance notes.
- 8.2 Where your Panel Broker is providing you with a claims handling service, you should notify details of claim with all facts to them. You should expect that:
  - 8.2.1 The Panel Broker should provide you, at the outset, with a summary of the requirements for claim notification, together with relevant contact details;
  - 8.2.2 Following your notification of a claim, the Panel Broker should notify claims to insurers in accordance with policy requirements;
  - 8.2.3 The Panel Broker should represent you in the resolution of the claim and arrange collection and/or settlement of the claim in accordance with market practice and the policy terms and conditions.
- 8.3 If
  - 8.3.1 Your Panel Broker is remunerated by way of commission, you should expect it to deal with all claims that it had been advised of during the period you appoint them as your broker;
  - 8.3.2 Remuneration is by way of a service fee, you should include in any remuneration arrangements the extent to which its fee includes service on large, protracted or complex matters;
  - 8.3.3 You appoint a new Panel Broker, you should determine at the outset its ability, willingness and charge for taking over claims advised and dealt with by the previous broker;
  - 8.3.4 You terminate your appointment of a Panel Broker, they may be entitled to stop providing a claims handling service and hand over all claims files to your new broker. It is best if you agree with your Panel Broker at the outset, its ability, willingness and charge for continuing to handle claims after its appointment has ended.
- 8.4 Where your Panel Broker collects claims payments, these should be remitted to you as quickly as possible. However you should not expect your Panel Broker to be able to remit claims monies to you before it has received them from insurers.
- 8.5 If there is a conflict of interest, you should expect your Panel Broker to manage this in accordance with its conflicts management procedure. You should expect to be able to discuss or view this procedure either at the outset or during the term of the Panel Broker's appointment.

## 9. Policy Maintenance / Reporting

You should expect your Panel Broker to:

- 9.1 Submit a renewal questionnaire to you to obtain the necessary information required by underwriters to be used during renewal negotiations;
- 9.2 Respond to enquiries from you in relation to the insurance programme. For its larger clients it may also arrange and attend review meetings and such other meetings as are reasonably required with you;
- 9.3 Provide budget figures suggesting their estimate of the anticipated premium levels for the next period of insurance as and when requested by you.

**In summary, ACE along with its Panel Brokers have developed this Charter to ensure members receive a consistent, quality service. The terms outlined in this document provide the minimum standards that members can expect. The brokers that are part of the ACE PI Insurance Scheme have been chosen, in part, for their ability and willingness to exceed these minimum standards and provide exceptional value for money for all our members.**



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