

INFORMATION SHEET

WHAT TO DO IF YOU RECEIVE A PROFESSIONAL INDEMNITY CLAIM

This information sheet has been developed as a reference for CPA Australia members by Fenton Green. Fenton Green is the appointed broker for QBE Insurance (Australia) which has a dedicated Professional Indemnity Insurance policy available for CPA Australia members.

The information sheet outlines key practical tips to follow if you receive a claim.

- **Act as a Prudent Uninsured.** Insurers can take some time to decide on whether the circumstances of your claim are covered under your insurance policy. Until the insurer provides this determination, you must act as a Prudent Uninsured. A Prudent Uninsured is a legal concept which simply means that the Policyholder should act as if they do not have insurance. Examples of being a Prudent Uninsured include taking steps to minimise losses, avoiding careless or reckless payments or courses of action. These actions may prejudice the position of the insurer and they may reduce or avoid your claim payment by the amount they can prove you have failed to do so.
- **Notify your Insurer as Soon as Reasonable.** Speak with your broker and ask them what you need to notify a claim. This is normally a claim form, but it might also include correspondence between you and a third party. Your broker will be able to advise what information is required and will assist you in your submission to the insurer's claim team.
- **Obtain One Free Session of Legal Advice.** The circumstance of the matter may not be serious enough to warrant a formal claim and may instead be resolved with legal advice. Legal advice in this respect is reserved for circumstances that might lead towards a claim and are not used for general legal advice. The lawyer may assist and advise you to lodge a formal claim.
- **Obtain a Claim Number.** Your Insurer will provide you with a reference number. The insurer will refer to this claim according to this number. If there are multiple claims, you will obtain multiple claim numbers. Insurers will attribute costs of your claim to these numbers. All correspondence you send to the insurer or broker should include this number once received.

- **Be Aware of Timeframes.** Insurers have strict timeframes that they must follow. If the insurer is unable to provide a determination on policy coverage within an appropriate amount of time, they must provide an updated timeframe of when you might expect to be able to receive this determination or what information is required to make this determination. All notifications and claims will be registered and acknowledged by the insurer within 2 business days. The insurer will notify Fenton Green and/or the insured of their position on policy cover within 10 days of acknowledgement, and where further information is required and/or the matter is complex, as advised and agreed.
- **During a Claim.** The claims officer will assist you in resolving the claim. They may engage a lawyer or an expert to specifically assist with your claim. Claims officers are often legally qualified and are experienced in expediently resolving claims against accountants.
- **Reservation of Rights.** In occasions where there is insufficient information for the insurer to decide on whether a claim has been covered, the insurer will issue you with written correspondence reserving their rights. This will set out what further information is required to determine policy coverage.

Need further information?

Fenton Green can be contacted by phone (within Australia) on 1300 760 123, by email at cpa@fentongreen.com.au or via their website at www.fentongreen.com.au