

**HOW TO
GET THE BEST
FROM YOUR
PROFESSIONAL
INDEMNITY
INSURANCE (PII)
RENEWAL IN
FIVE EASY STEPS**

WESLEYAN

we are all about you



We're in unprecedented times and possibly heading towards a "new normal", but there are lots of challenges that still lie ahead. As businesses gradually head towards normal service, we recognise the need for support from our staff, stakeholders, suppliers and banks.

With the cost of PII being one of your single biggest costs after salaries, Wesleyan Financial Services understand the importance of finding a policy that's competitive and delivers reassurance, when it comes to claims.

To help you secure the best deal for your next PII renewal we have put together this guide providing you with some tips on how to prepare for your renewal. so, you're confident you've got the best terms for your business.

1. START PLANNING NOW

Begin the process early

Deciding when to start renewing your PII policy is probably a key part of the process. In short, it's never too early but starting around 12 weeks ahead will give you time to review, collate the information required, complete the proposal in bite size chunks and react to any unforeseen circumstances.

Discuss with the broker

Good brokers will keep you informed of market conditions and they should let you know how they'll support you, to secure a competitive renewal. If this isn't the case, ask them. This will give you an idea of the markets available to you and more importantly, an indication of premiums. Agree deadlines with them around timeframes, for matters such as proposal issue and production of renewal terms. Then ensure that where possible, these are met.

Changes in market conditions

Even before the global pandemic, we had seen a hardening of the Solicitors PII market resulting in premium increases as much as 30% for some firms. This trend is almost certain to continue for the remainder of 2020. We have also seen some key insurers pulling out of the solicitors PII market over the last couple of years, so, what can you expect from your renewal?.

- ▶ Insurers will need a lot more information than just the traditional proposal form and claims summaries. They are likely to ask for firms to **complete a COVID-19 questionnaire**, so they get an understanding of how resilient your business has been during lockdown and how your business will cope as we get back to "normality". They will need to see both up-to-date accounts for the financial year and management accounts for the current period.

- ▶ Some insurers are reducing their appetite for high-risk areas such as conveyancing. Therefore, firms involved in these activities are likely to find their choice of alternative insurers limited further.
- ▶ With many people currently working remotely, instead of from their usual offices, firms must be careful to ensure that the same processes and procedures are still being followed. As cutting corners can lead to mistakes being made which could ultimately lead to claims. Insurers want to make sure that even in times of a global pandemic, the quality of the work and services provided doesn't slip. Therefore, they are specifically asking about the supervision of remote workers during lockdown and what steps are being taken to check their work.
- ▶ Insurers will be focusing on retaining existing clients, so unless there are particular claims that are an issue, then there will be a renewal invitation. Although rate increases are to be expected, a demonstrably well managed firm with good claims history, will have alternative insurers available to them.



2. COLLATE ALL THE INFORMATION

The next steps are crucial, as getting this right first time could save you a lot of time and effort.

▶ The proposal form

This is a key component of the process and the information contained in the document forms part of an insurer's view of your risk. Try to allocate the necessary time to complete the proposal and try not to rush through it. Answer all questions fully, supplying as much information as possible. Avoid concealing anything and be as open and honest as you can.

▶ Claims information

Your past claims play a vital role in the risk assessment undertaken by underwriters. Therefore, it's important to provide a detailed explanation of the circumstances that have resulted in any claims. Also include any remedial work carried out to prevent or minimise such claims in the future, as this could make a big difference to the outcome of your policy and premium negotiations. A top tip is to agree a renewals strategy with your broker and which insurers they should approach.



3. OBTAIN ALTERNATIVE QUOTATIONS

PII is primarily purchased through brokers and considering who to approach can be a difficult decision to make.

▶ Be clear on your expectations

When entering the quotation process, have a clear expectation of what you're trying to achieve. Insurers will gravitate towards risks that they believe have a strong chance of winning. Be clear that you're prepared to move insurer for the right deal and that any exercise undertaken is not necessarily 'something that you do every year', without changing your PII provider.

▶ Broker selection

When selecting an alternative broker to provide a quote, understand what that broker can provide you with, not just at the time of getting a renewal quote. Your PII premium is a significant spend, so why should your broker leave you 'drifting in the wind' for nine months? What is their approach to claims? Do they leave this to the insurer and their panel of solicitors? A broker should be more hands on, representing you in these circumstances and if necessary, giving you access to third party experts, should a situation become contentious.

▶ Don't obtain too many quotes

Asking multiple brokers to quote can have the opposite effect, in terms of getting the best deal. Insurers that receive multiple requests for quotations are more likely to decline putting forward terms, as they see this as an argument that they cannot win. Some brokers are tied to certain insurers via bespoke schemes, so any quote that you receive from them is likely to be from these tied markets. Other brokers will be independent, meaning that they can access most of the available market outside of the bespoke schemes.

Therefore, to get a whole market response, we recommend engaging with both independent brokers and brokers that also have bespoke schemes.

▶ Consider a nominated market exercise

If using more than one independent broker, who will essentially have access to the same markets, we recommend considering a nominated market exercise. This is where you allocate the available markets between each broker. This ensures that you receive a total market response and avoid multiple requests to the same insurers, as well as potential 'market blocking'.

▶ Don't complete another proposal

Most insurers will accept the completed proposal form from your current insurer or broker.

4. UNDERSTAND THE KEY RATING FACTORS

Insurers will consider a number of factors when providing quotes. Some of these factors are detailed below, together with some helpful pointers.

▶ Partner numbers

This will determine an insurer's appetite, as some will specialise in the less than four Partner space and others in the more than four Partner space.

▶ Fee income

Be as accurate as possible in declaring fee income. If there have been significant changes in fee income (either up or down), provide the reasons for this with your presentation.

▶ Areas of practice

Areas such as conveyancing and personal injury are classed as high-risk areas by insurers, whereas areas such as criminal and family are considered low risk. Therefore, it's important to accurately reflect your areas of practice, as this will have an effect on your premium.

▶ Claims

Prior to quotation, insurers will want to see at least five years updated confirmed claims information. An insurer is not necessarily going to be turned off by the fact that you have had claims. They are interested in the circumstances of the claim and procedural changes you have made since, to prevent a recurrence.

▶ Risk Management

It's important to demonstrate that Risk Management is embedded within the culture of the firm. It's a myth that having accreditations such as Lexcel, CQS or IIP automatically means lower PII premiums, but what it does demonstrate to insurers is that the firm is working towards a best practice standard.

5. EVALUATE THE OFFER

▶ Is the premium competitive in comparison to market conditions and alternative quotes?

Though the main policies are similar as dictated by the SRA, look closely at limits, excess and endorsements. Ensure that there are no additional fees and charges included by the broker and don't be afraid to ask questions. For those firms where run off cover is important, check the costs as this will be different from insurer to insurer. Perhaps consider how the broker will support you throughout the policy year. Check on the financial resilience of the insurer being proposed and discuss with broker. Cheaper premiums do not necessarily mean the best.

▶ Do you have the extended period as an option?

With firms no longer tied to the traditional 1 October renewal date, you have the option to move the renewal to a more convenient time for your firm. Some insurers are willing to offer extended period policies. Would an 18-month policy be better for you than a 12-month one?

▶ How will you fund the premium?

Premiums can be paid in one full payment directly to the insurer or broker. In these times of cashflow uncertainty you may wish to explore paying the premium by monthly instalments, allowing you to spread the cost over the year. This can be arranged through a financial lender recommended by the Broker or through your own funding arrangements.

PROFESSIONAL INDEMNITY INSURANCE FROM WESLEYAN FINANCIAL SERVICES

We hope you found this guide useful. If you'd like further advice around your renewal, our Professional Risks Team at Wesleyan Financial Services is here to support you. The team have extensive knowledge and experience of PII broking specifically for law firms, so they can help find a policy to suit your needs.

We have over 15 insurers on our panel who are not tied to specific providers. A dedicated account manager can provide clear advice and guidance, including on claims and policy management, so you can be sure that you're not being passed from department to department. In addition, you'll also have access to wider financial services, to help with the broader financial needs for your firm and staff.



In these challenging times, Wesleyan Financial Services understand your Professional Indemnity Insurance can represent one of the single largest expenses that a law firm can face annually. That's why we have teamed up with our colleagues at Wesleyan Bank to bring you this exclusive offer, to help spread the cost of your PII.

*Terms and conditions apply

EXCLUSIVE FUNDING OFFER – we'll offer you an option to fund your PII at 1% APR (fixed), with Wesleyan Bank when you get your PII policy from Wesleyan Financial Services.

- ▶ Interest rate of 1% APR (fixed)
- ▶ Funding available from £5,000 - £500,000
- ▶ Spread the cost of your premium over 12 or 18 months
- ▶ Protect your cash flow and retain working capital
- ▶ Dedicated Wesleyan Financial Services and Wesleyan Bank Account Manager
- ▶ **LIMITED OFFER:** available for PII policies from Wesleyan Financial Services, commencing between 1 February and 31 December 2020.

Wesleyan Financial Services is a credit broker not a lender. Lending is provided by Wesleyan Bank.

REPRESENTATIVE EXAMPLE

Borrowing £50,000 over a period of 12 months:

Total amount of credit	Term of loan	Monthly repayment	Total amount payable	Interest charged	APR Representative
£50,000	12 months	£4,208.33	£50,500	£500	1%

Contact us

▶ 0808 291 4486

▶ PIInquiries@wesleyan.co.uk

▶ wesleyan.co.uk/commercialinsurance

*Terms and Conditions – Professional Indemnity Insurance – Exclusive Offer

The offer is subject to Professional Indemnity Risks cover placed with Wesleyan Financial Services Ltd (WFS) along with the following

1. This offer applies to Solicitors purchasing Professional Indemnity Insurance for their practice(s) located in England and Wales only. All other customers are excluded.
2. Your Professional Indemnity insurance is purchased from Wesleyan Financial Services Ltd and not from any other insurance broker or insurance provider.
3. Your business must have a minimum of 2 partners and no more than 30 partners.
4. You must be a partnership, a limited liability partnership or a limited company, and registered at Companies House (if applicable).
5. The offer of 1% APR on funding is only available for policies with premiums between £5,000 and £500,000 and is subject to meeting underwriting criteria.
6. Offer available on successfully taking out a Professional indemnity insurance policy with Wesleyan Financial Services Ltd commencing on 1 February 2020 and before midnight on 31 December 2020.
7. Wesleyan Financial Services Limited is a credit broker and not a credit lender. Credit applications and offer will be made by Wesleyan Bank Ltd.
8. Any offer of PII is dependent on the risks being acceptable to insurance underwriters on the panel of Wesleyan Financial Services Ltd and exclusions may apply. There is no guarantee that Wesleyan Financial Services Ltd will be able to offer you a PII policy.
9. Wesleyan Bank Ltd will offer a funding period determined by the length of your professional insurance policy. Our Professional indemnity insurance covers 12 or 18 months. We will advise the best term of your policy based on your business demands and needs.
10. Written funding quotations are available on request from Wesleyan Bank Ltd. Credit facilities are subject to status and only available to UK residents over the age of 18. Wesleyan Bank Ltd reserves the right to decline any application. APR and repayment details are correct at the time of print.
11. These Terms and Conditions apply in addition to the Wesleyan Financial Services Ltd General Insurance Terms of Business Agreement and are subject to the laws of England and Wales and the exclusive jurisdiction of England and Wales.
12. Wesleyan Financial Services Ltd reserves the right to withdraw this offer at any time.
13. Risk must be acceptable to the insurance underwriters on the panel of Wesleyan Financial Services Ltd.
14. Wesleyan Financial Services Ltd will pay to Wesleyan Bank Ltd, a sum amounting to the difference between the interest charged at 1% as detailed in the offer, and the interest that would be charged at the current retail loan rate.

Limits, exclusions and charges do apply. Full terms and conditions of the PII policy and cover, including the policy benefits and exclusions, will be contained in the Policy Wording and Policy Summary.

Wesleyan Group offers Financial Advice: Retirement Planning • Investing • Funding • Insurance

For more information visit Wesleyan.co.uk/ourcompanies

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Wesleyan Financial Services Ltd is a credit broker not a lender and our insurance products are provided by a number of selected insurers. Commercial lending is provided by Wesleyan Bank. Where required by law, loans will be regulated by the Financial Conduct Authority and the Consumer Credit Act.

Advice is provided by Wesleyan Financial Services Ltd.

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