

# Professional Indemnity Insurance

Problems with suppliers, customers or your tax accounts could all threaten the viability of your business. Especially if your business gives advice, offers a professional service or handles intellectual property belonging to clients you could need professional indemnity insurance (PI) to protect against negligence claims or mistakes that leave clients out of pocket.

## Hedley Byrne principle :

there does not have to be a contractual or fiduciary relationship for there to be a liability for negligent misstatements that cause financial or physical loss.

This tort case on economic loss resulting from negligent misstatement has had subsequent development from 1964 to now.

## Purpose of PI cover

Purpose of professional indemnity insurance is to protect the professional person against the legal liability to pay damages to persons who have sustained financial loss arising from their, or their employees', professional negligence under the concept of 'vicarious liability'

## How liability arises:

- Failure to exercise that care and skill and the client suffers loss as a result, the client may well sue them for negligence
- Professionals possessing expert knowledge and qualifications and they owe a duty to their clients to exercise the degree of skill that is expected of a person in that profession
- Trend of litigation has been to impose conditions on professionals that should lead to higher standards

**For more information about Professional Indemnity Insurances please contact:**

**Mr. Litai Wai | [litai@charings.com](mailto:litai@charings.com) | +852 6382 2510 / +852 8170 3810**

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[www.charings.com](http://www.charings.com) | 1601-1602 Car Po Commercial Building, 18-20 Lyndhurst Terrace, Central, Hong Kong

