



**PROFESSIONAL INDEMNITY INSURANCE
FOR ARCHITECTS**

POLICY WORDING

Specimen

PROFESSIONAL INDEMNITY FOR ARCHITECTS

OUR PROMISE TO YOU

In return for the premium **you** have paid, **we** agree to insure **you** in accordance with the terms and conditions of the **policy**.

Signed for and on behalf of Hiscox Insurance Company Limited:



Steve Langan
Managing Director

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COMPLAINTS PROCEDURE

We pride ourselves on providing a first class, reliable and efficient service to all of our customers. Complaints are a key to monitoring our service and wherever possible, **we** seek to take action to prevent recurrence of a problem.

We define a complaint as any expression of dissatisfaction, whether oral or written, and whether justified or not, about a service or activity provided by the insurance company.

If you have a complaint, please contact your insurance broker in the first instance. If your complaint cannot be resolved satisfactorily by your insurance broker, please contact our customer services team:

Customer Services
Telephone: 0870 084 3777
Email: customerservices@hiscox.com

Hiscox Insurance Company Ltd, 1 Great St Helen's, London EC3A 6HX.

You may also, in accordance with the Rules of the Financial Services Authority, be able to refer **your** complaint to the Financial Ombudsman Service without affecting **your** legal rights. The address is:

Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Telephone: 0845 080 1800

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Words shown in **bold** type have the same meaning wherever they appear in this **policy**.

The words defined below are used throughout this **policy**. Any other definitions are shown in the section to which they apply.

Asbestos risks	<ol style="list-style-type: none">the mining, processing, manufacturing, use, testing, ownership, sale or removal of asbestos, asbestos fibres or material containing asbestos; orexposure to asbestos, asbestos fibres or materials containing asbestos; orthe provision of instructions, recommendations, notices, warnings, supervision or advice given, or which should have been given, in connection with asbestos, asbestos fibres or structures or materials containing asbestos
Business	Your business or profession as shown in the schedule.
Confiscation	Confiscation, nationalisation, requisition or destruction of or damage to property by or under the order of any government or public or local authority.
Date recognition	Any failure by any equipment (including any hardware or software) to correctly recognise any given date or to process any data or to operate properly due to any failure to correctly recognise any given date.
Endorsement	A change to the terms of the policy .
Excess	The amount you must bear as the first part of each agreed claim.
Geographical limits	The geographical area shown in the schedule.
Nuclear risks	<ol style="list-style-type: none">Any sort of nuclear material, nuclear reaction, nuclear radiation or radioactive contamination;any products or services which include, involve or relate in any way to anything in (a) above, or the storage, handling or disposal of anything in (a) above;all operations carried out on any site or premises on which anything in (a) or (b) above is located.
Period of insurance	The time for which this policy is in force as shown in the schedule.
Policy	This insurance document and the schedule, including any endorsements .
Terrorism	An act, or the threat of an act, by any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government, that: <ol style="list-style-type: none">Is committed for political, religious, ideological or similar purposes; and

GENERAL DEFINITIONS

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- b. is intended to influence any government or to put the public, or any section of the public, in fear; and
- c.
 - i. involves violence against one or more persons; or
 - ii. involves damage to property; or
 - iii. endangers life other than that of the person committing the action; or
 - vi. creates a risk to health or safety of the public or a section of the public; or
 - v. is designed to interfere with or to disrupt an electronic system.

Virus	A piece of unauthorised executable code which propagates itself through your computer system or network.
War	War, invasion, act of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power.
We / us / our	Hiscox Insurance Company Limited.
You / your	The insured named in the schedule

CONDITIONS PRECEDENT

General Conditions 2, 3 and 4 below, General Claims Condition 1 and the conditions shown in each section under the heading **Your Obligations** are all conditions precedent to **our** liability. **We** will not make any payment under this insurance unless **you** comply with all the requirements of those conditions.

GENERAL CONDITIONS

The following conditions apply to the whole of this **policy**. Any other conditions are shown in the section to which they apply.

1. *Basis of insurance*
 Because of its importance, all information which **you** or anyone on **your** behalf provided before **we** agreed to insure **you** is incorporated into and forms the basis of this **policy**.

 All facts and matters which might be relevant to **our** consideration of **your** proposal must be disclosed and all material representations made to **us** must be true, otherwise **we** are entitled to treat this insurance as if it had never existed.

2. *Change of circumstances*
You must tell **us** as soon as reasonably possible of any change in circumstances during the **period of insurance** which may materially affect this **policy**. (A material fact or circumstance is one which might affect **our** decision to provide insurance or the conditions of that insurance.) **We** may then change the terms and conditions of this **policy**.

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3. *Due diligence*

You must take reasonable steps to prevent accident or injury and to protect **your** property against loss or damage. **You** must keep any property insured under this **policy** in good condition and repair.

4. *Premium payment*

We will not make any payment under this **policy** unless **you** have paid the premium.

5. *Cancellation*

You or **we** can cancel the **policy** by giving 30 days' written notice. **We** will give **you** a refund of the premium for the remaining period.

If **you** pay the premium by instalments and an instalment remains unpaid after 14 days, **we** may cancel this **policy** from the date the last instalment was due.

6. *Multiple insureds*

The most **we** will pay is the relevant amount shown in the schedule.

If more than one insured is named in the schedule, the total amount **we** will pay will not exceed the amount **we** would be liable to pay to any one of **you**.

You agree that the insured named in the schedule, or if there is more than one insured named in the schedule the first of them, is authorised to receive all notices and agree any amendments to the **policy**.

7. *Aggregate limit*

Where this **policy** specifies an aggregate limit, this means **our** maximum payment for all relevant claims or losses covered under the **policy** during the **period of insurance**.

If the **period of insurance** is continuous, the aggregate limit will apply to all relevant claims or losses covered under the **policy** during the 12 months from the date the continuous cover starts. Each aggregate limit will be reinstated to the level shown in the schedule at each anniversary.

8. *Rights of third parties*

You and **we** are the only parties to this **policy**. Nothing in this **policy** is intended to give any person any right to enforce any term of this **policy** which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

9. *Other insurance*

This **policy** does not cover any loss or claim where **you** would be entitled to be paid under any other insurance if this **policy** did not exist.

GENERAL
CONDITIONS

PROFESSIONAL INDEMNITY FOR ARCHITECTS

10. *Governing law*

Unless some other law is agreed in writing, this **policy** will be governed by the laws of England.

11. *Arbitration*

Any dispute arising out of or relating to this insurance, including over its construction, application and validity, will be referred to a single arbitrator in accordance with the Arbitration Act then in force.

GENERAL CLAIMS
CONDITIONS

The following claims conditions apply to the whole of this **policy**. Any other claims conditions and procedures are shown in the section to which they apply.

1. *Your obligations*

We will not make any payment under this **policy** unless **you**:

- a. give **us** prompt notice of anything which is likely to give rise to a claim under this **policy**, in accordance with the terms of each section;
- b. give **us**, at **your** expense, any information which **we** may reasonably require and co-operate fully in the investigation of any claim under this **policy**;
- c. make every reasonable effort to minimise any loss, damage or liability and take appropriate emergency measures immediately if they are required to reduce any claim;
- d. give **us** all assistance which **we** may reasonably require to pursue recovery of amounts **we** may become liable to pay under this **policy**, in **your** name but at **our** expense.

2. *Fraud*

If **you**, or anyone on **your** behalf, tries to deceive **us** by deliberately giving **us** false information or making a fraudulent claim under this **policy** then **we** will treat this **policy** as if it had never existed.

**SPECIAL
DEFINITIONS FOR
THIS SECTION**

PROFESSIONAL INDEMNITY FOR ARCHITECTS

The General Terms and Conditions and the following terms and conditions all apply to this section.

Please pay special attention to the Notification for adjudication section in the grey box at the end of this section.

Business activity	The activities shown in the schedule, which you perform in the course of your business .
Defence costs	Costs incurred with our prior written agreement to investigate, settle or defend a claim against you .
You / your	Also includes any person who was, is or during the period of insurance becomes your partner or director or senior manager in actual control of your operations.

**WHAT IS
COVERED**

Claims against you

If during the **period of insurance**, and as a result of **your business activity** within the **geographical limits** for clients, any party brings a claim against **you** for:

- a. negligence or breach of a duty of care,
- b. negligent misstatement or negligent misrepresentation,
- c. infringement of intellectual property rights including copyright, patent, trademark or moral rights or any act of passing-off,
- d. breach of confidence or misuse of any information, which is either confidential or subject to statutory restrictions on its use,
- e. defamation,
- f. dishonesty of **your** individual partners, directors, employees or self-employed individuals directly contracted to **you** and under **your** supervision,

or refers a dispute arising directly from **your** breach of a duty of care to adjudication under the Housing Grants Construction and Regeneration Act 1996, **we** will indemnify **you** against the sums **you** have to pay as compensation.

We will also pay **defence costs** but **we** will not pay costs for any part of a claim not covered by this section.

WHAT IS COVERED

Avoiding a potential claim against you

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If **your** client has reasonable grounds for being dissatisfied with the work **you** have done, refuses to pay for any or all of it, including amounts **you** legally owe to sub-contractors at the date of the refusal, and threatens to bring a claim against **you** for more than the amount owed, it may be possible to settle the dispute with the client by **your** agreeing not to press for the disputed amount. If so, **we** will pay **you** the amount owed to **you** at that time if **we** believe that this will avoid a legitimate claim for a greater amount and **we** have given **our** prior written approval to settling in this way and for this amount.

Alternatively, if it is not possible to reach agreement with the client on this basis but **we** still believe that by not pressing for the disputed amount **you** will avoid a legitimate claim or counterclaim for a greater amount, **we** will pay the amount owed to **you** at that time. If a claim is still brought, **we** will deal with it but **our** total payment, including what **we** have already paid **you** or on **your** behalf, will not exceed the applicable limit of indemnity shown in the schedule. **You** must return the amount **we** have paid if **you** eventually recover the debt less **your** reasonable expenses.

Once **we** agree to make this payment **you** will assign to **us** such rights as **you** have in relation to the amounts owed to **you**.

We will not make any payment for any part of a claim not covered by this section.

Your own losses

Criminal proceedings

If **you** are charged with a criminal offence during the **period of insurance** under a statute or regulation that applies to **your business activity**, **we** will pay the reasonable costs incurred with **our** prior written consent to defend **you** if, in **our** opinion, a successful defence may avoid a claim which would be covered by this section.

WHAT IS NOT COVERED

Matters specific to your business

A. **We** will not make any payment for any claim or loss directly or indirectly due to:

1. any investment of, or direct advice on the investment of, client funds.
2. any construction or erection work you undertake or for which you are responsible as a building or engineering contractor.
3. **your** operation or administration of any pension or employee benefit scheme or trust fund, or the sale or purchase of or dealing in any stocks, shares or securities or the misuse of any information relating to them, or **your** breach of any legislation or regulation related to these activities.
4. **your** breach of any taxation, competition, restraint of trade or anti-trust legislation or regulation.
5. any pollution or contamination, including noise, electromagnetic fields, radiation and radio waves.
6. the work of any personnel supplied by **you** to a client, unless **you** have breached a duty of care in supplying them.

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Surveys, inspections and valuations

7. transmission of a computer **virus**.
8. **your** insolvency or financial difficulties.
9. any survey, inspection or valuation of real or leasehold property not carried out by a fellow or associate of the Royal Institute of British Architects, the Royal Institute of Irish Architects, the Royal Incorporation of Architects in Scotland, the Royal Society of Ulster Architects, the Institute of Chartered Engineers, the Royal Institution of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers or the Faculty of Architects and Surveyors, or by a Registered Architect or Engineer with not less than one year's relevant experience, or by any person with more than five years' relevant experience in undertaking surveys, inspections or valuations of a similar nature.

Subcontractors

10. any survey, inspection or valuation of real or leasehold property (other than a report to a lending institution or insurance company on their standard form) which does not include a reservation on the following lines:
 - that **you** have not inspected woodwork or other parts of the structure which are covered, unexposed or inaccessible, and that **you** are therefore unable to report that such parts of the property are free from defect.
11. any acts or omissions of a specialist, designer or consultant working for **you** as a sub-contractor unless:
 - a. **you** have taken reasonable steps to ensure that the sub-contractor has and maintains professional indemnity insurance with a reputable insurer, and
 - b. there is a written sub-contract between **you** and the sub-contractor which is subject to English law, includes an arbitration clause and provides that the sub-contractor will indemnify **you** against any liabilities **you** incur as a result of the sub-contractor's performance of the sub-contract; and
 - c. **you** have disclosed the sub-contractor's fees to **us**.
12. **your** failure to account for any money received. This does not apply to any claim arising from dishonesty.

Collateral warranties

13. **your** agreement to take on any legal liability under any express agreement, warranty, indemnity, waiver or guarantee, unless:
 - a. **you** would be liable even if **you** had not given any such agreement, warranty, indemnity, waiver or guarantee; or
 - b. the liability arises from a Collateral Warranty or Duty of Care agreement, in which case **we** will not indemnify **you** for any liability arising from:
 - i. any fitness for purpose guarantee;
 - ii. any greater or longer lasting benefit than that given to the party with whom **you** originally contracted;
 - iii. any express guarantee, contractual penalty or liquidated damages;
 - iv. any assignment of the warranty or agreement to any purchaser or tenant after the first two assignments or to any funder, financier or banker after the first three assignments;
 - v. **your** agreement to exercise a standard of care greater than would normally be expected in **your** profession.

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Joint ventures

14. activities carried out in the name of a consortium, joint venture or profit sharing scheme in which **you** are a party.

Matters insurable elsewhere

15. the death or any bodily or mental injury or disease suffered by anyone, unless arising directly from any design, specification, technical information calculation, survey or inspection carried out by **you**.

16. anyone's employment with or work for **you**, or any breach of an obligation owed by **you** as an employer or any kind of discrimination, harassment or unfair treatment.

17. the ownership, possession or use of any land or building, any animal, any aircraft, watercraft or any motor vehicle.

18. the loss, damage or destruction of any tangible property, unless arising directly from any design, specification, technical information calculation, survey or inspection carried out by **you**.

19. any fire damage involving or in any way related to the use of expanded polystyrene or polyurethane core sandwich panels (EPS panels) in any project where completion occurred:

a. between 1 January 1993 and 30 March 1995, if **you** were aware of the risk associated with EPS panels, unless the EPS panels were installed only in areas of low fire risk;

b. on or between 1 April 1995 and 30 June 1995, unless **you** complied with all recommendations of RC25 – Recommendations for Insulated Composite Panels.

c. on or between 1 July 1995 and 31 October 1996, unless **you** complied with all recommendations of Loss Prevention Standard LPS 1208 – Fire Performance Requirements for Metal-faced Fire Resisting Insulated Panels;

d. on or between 1 November 1996 and 30 November 1999, unless **you** complied with all the recommendations of the LPC Design Guide for the Fire Protection of Buildings (and complied with further parts of this Guide as and when published);

e. on or between 1 May 1999 and 30 November 1999, unless **you** complied with all the recommendations of the LPC Code of Practice for Fire Protection in the Food and Drink Industry;

f. on or after 1 December 1999, unless **you** complied with all recommendations of the LPC Design Guide for the Fire Protection of Buildings 2000 or any subsequent guidance which supersedes this guidance.

The onus is on **you** to show that **you** have complied with all the requirements in a. to f. above and to provide written documentation of such compliance dating from the time of **your** involvement with the relevant project.

We will not make any payment for a claim against **you** resulting from anyone's inability to obtain insurance for any building, or to obtain it only at an increased price, because of the use of EPS panels.

20. the loss, damage or destruction of computer records held in or recorded on a computer system unless caused by the physical loss, damage or destruction of the computer system itself.

WHAT IS NOT COVERED

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- | | |
|---|---|
| Deliberate, reckless or dishonest acts | <p>21. any personal liability incurred by a director or officer of yours when acting in that capacity or managing your business, or your breach of any fiduciary duty, other than when performing a business activity for a client, or any statement, representation or information concerning you or your business contained in your accounts, reports or financial statements.</p> <p>22. your supply, manufacture, sale, installation or maintenance of any product.</p> <p>23. any statement you knew, or ought reasonably to have known, was defamatory at the time of publication.</p> <p>24. any act, breach, omission or infringement you deliberately, spitefully, dishonestly or recklessly commit, condone or ignore. This does not apply to any claim under the dishonesty cover in WHAT IS COVERED, but we will not in any event provide cover to any party who actually commits, condones or ignores any dishonesty.</p> |
| Pre-existing problems | <p>25. any shortcoming in your work or your own loss which you knew about, or ought reasonably to have known about, before we agreed to insure you.</p> |
| Date recognition | <p>26. date recognition.</p> |
| War, terrorism and nuclear | <p>27. war, terrorism or nuclear risks.</p> |
| Asbestos | <p>28. asbestos risks.</p> |
| Claims brought by a related party | <p>B. We will not make any payment for:</p> <p>1. any claim brought by an insured within the definition of you or any party with a financial, executive or managerial interest in you, including any parent company or any party in which you have a financial, executive or managerial interest, including any subsidiary company. This does not apply to a claim based on a liability to an independent third party directly arising out of the performance of your business activity.</p> |
| Adjudication costs | <p>2. a claim referred to adjudication under the Housing Grants Construction and Regeneration Act 1996 where your contract with your client failed to provide that:</p> <ul style="list-style-type: none"> a. an adjudicator will be appointed to resolve any disputes under the contract; b. the adjudicator is independent of the parties to the dispute; c. the decision of the adjudicator is not the final determination of the dispute; d. the adjudicator cannot reach a decision on commercial considerations as opposed to the legal liabilities and obligations of the parties in dispute. |
| Restricted recovery rights | <p>3. that part of any claim where your right of recovery is restricted by any contract.</p> |
| Consequential loss | <p>4. your lost profit, mark-up or liability for VAT or its equivalent.</p> <p>5. any trading loss or trading liability including those arising from the loss of any client, account or business.</p> |
| Non-compensatory payments | <p>6. fines and contractual penalties, aggravated, punitive or exemplary damages, and additional damages under section 97(2) of the Copyright, Designs and Patents Act 1988 or any statutory successor to that section.</p> |
| Claims outside the applicable courts | <p>7. any claim, including arbitration, brought outside the countries set out in the schedule under Applicable Courts.</p> <p>This applies to proceedings in the applicable courts to enforce, or which are based on, a judgment or award from outside the applicable courts</p> |

PROFESSIONAL INDEMNITY FOR ARCHITECTS

HOW MUCH WE WILL PAY

We will pay up to the limit of indemnity shown in the schedule unless limited below. **We** will also pay for **defence costs**. However, if a payment greater than the limit of indemnity has to be made for a claim **our** liability for **defence costs** will be limited to the same proportion that the limit of indemnity bears to the amount paid. **You** must pay the relevant **excess** shown in the schedule.

All claims and losses which arise from the same original cause, a single source or a repeated or continuing shortcoming in **your** work will be regarded as one claim. This includes claims and losses arising after, as well as during, the **period of insurance**.

Special limits

1. For claims arising from dishonesty and from the physical loss or destruction of or damage to tangible property and from the death, disease or bodily or mental injury of anyone, the most **we** will pay is a single limit of indemnity for the total of all such claims, their **defence costs** and **your** own losses. **You** must pay the relevant **excess** shown in the schedule.
2. The most **we** will pay for the costs to defend all criminal proceedings is the amount shown in the schedule. **We** will not pay any costs awarded against **you** as a result of such proceedings. **You** must pay the relevant **excess** shown in the schedule.

Paying out the limit of indemnity

At any stage of a claim **we** can pay **you** the applicable limit of indemnity or what remains after any earlier payment from that limit. **We** will pay **defence costs** already incurred at the date of **our** payment. **We** will then have no further liability for that claim or its **defence costs**.

YOUR OBLIGATIONS

If a problem arises

We will not make any payment under this section:

1. unless **you** notify **us** promptly of the following within the **period of insurance** or at the latest within 14 days after it expires for any problem **you** first become aware of in the seven days before expiry:
 - a. **your** first awareness of a shortcoming in **your** work for a client which is likely to lead to a claim against **you**. This includes any criticism of **your** work even though regarded by **you** as unjustifiable.
If **we** accept **your** notification **we** will regard any subsequent claim as notified to this insurance.
 - b. any claim or threatened claim against **you**.
 - c. **your** first awareness of any actual or threatened criminal proceedings against **you**.
 - d. **your** discovery, or the existence of reasonable grounds for **your** suspicion, that any partner, director, employee or self-employed individual has acted dishonestly.

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YOUR OBLIGATIONS

2. if, when dealing with **your** client or a third party, **you** admit that **you** are liable for what has happened or make any offer, deal or payment, unless **you** have **our** prior written agreement. **You** must also not reveal the amount of cover available under this insurance, unless **you** had to give these details in negotiating a contract with **your** client or have **our** prior written agreement.

Computer records

We will not make any payment for a claim relating to computer records under this section if **you** fail to create, maintain and store safely duplicates of all computer records.

Self-employed individuals

We will not make any payment under this section if **you** fail to ensure that all work carried out by self-employed individuals is supervised by a properly qualified partner or director of **yours**.

You must disclose to **us** all fees paid to self-employed individuals working for **you** during the **period of insurance**.

Notification for adjudication

In view of the strict timetable relating to an adjudication **YOU MUST NOTIFY US** by fax or electronic mail within two (2) working days of **your** receipt of any notice of an intention to adjudicate, or of **your** intention to serve such a notice which may lead to a claim against **you** being dealt with by adjudication.

You should make this notification directly to **us**, and not through **your** broker, as follows:

Claims Department
Hiscox Insurance Company Ltd.
1 Great St Helen's
London
EC3A 6HX

Fax: 020 7448 6298
Email: hiciability.claims@hiscox.com

We will not indemnify **you** under this insurance unless **you** comply with the above.

CONTROL OF DEFENCE

We have the right, but not the obligation, to take control of and conduct in **your** name, the investigation, settlement or defence of any claim. If **we** think it necessary **we** will appoint an adjuster, solicitor or any other appropriate person to deal with the claim. **We** may appoint **your** own solicitor but on a similar fee basis as **our** solicitor and only for work done with **our** prior written approval. Proceedings will only be defended if there is a reasonable prospect of success and taking into account the commercial considerations of the costs of defence.