



Professional Indemnity Insurance for Technical Consultants

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Consultants are experts in their field who perform specialist tasks based on an assignment. A consultant is responsible for ensuring that the performance is faultless and does not lead to damage. However, errors cannot always be avoided, and even a small error may cause great personal injuries, property damage and/or financial loss. Professional Indemnity Insurance for Technical Consultants covers damage caused by technical consulting. The insurance can also be tailored for IT consultancy. Management consultants can also be insured with financial liability insurance.

What is liability insurance?

Liability insurance is a contract by which the company (= policyholder) transfers part of its liability for damages to an insurance company.

The content of the insurance contract is defined by the policy document, terms and conditions, and safety regulations.

The appropriate liability insurance solution is based on the nature and scope of the policyholder's activities. The following table describes the liability insurance offered by If.

Scope of coverage and exclusions

What could a consultant be held liable for?

Consultants perform tasks in their specialised field based on a contract with their customer. The contract defines, among other things, what the consultant is liable for as well as any limitations of liability in the event of damage to the client caused by the inaccuracy or deficiency of the design. The General Conditions for Consulting (KSE) issued by the Finnish Association of Consulting Firms are usually appended to consultancy contracts, thereby limiting the liability for damages caused to the client to the amount of the consultancy fee. Indirect damages, such as a decrease in the client's turnover, are also excluded from liability in the KSE General Conditions. If no limitations of liability have been agreed, the consultant is liable by law for any damage caused. A clear contract outlining the task

and its scope, the rights and obligations of the parties, and the liability of the consultant is in the best interest of both parties to clarify matters, and may even be a matter of critical importance for the consultant.

What does professional indemnity insurance for technical consultants cover?

The insurance covers personal injury, property damage and financial loss caused to another party arising from the inaccuracy or insufficient performance of the consulting assignment in the consultancy activities stated in the policy document. Consultancy refers to research, design or other consultancy services provided to a client. The insurance covers liability for damages in accordance with the prevailing laws. In its basic form, the insurance covers the damages caused to the client up to the amount of the consultancy fee, i.e. the insurance is in accordance with the KSE General Conditions.

Damage caused to a party other than the client is always covered only up to the sum insured. Legal expenses are also covered up to the sum insured. The insurance also covers damage arising from the fault of a consultant subcontracted by the policyholder.

It is worth noting that the insurance only covers damages related to the consultancy assignment. Therefore, technical consultants should also have, for example, General Liability Insurance to cover personal injury and property damage caused in other ways.

This product description applies to Professional Indemnity Insurance for Technical Consultants.

PRODUCT	FOR WHICH DAMAGES	FOR WHOM
General Liability Insurance	Personal injury and property damage caused by the company's operations	All lines of business
Product Liability Insurance	Personal injuries and property damage caused by products	Importers, producers, manufacturers and B2B vendors
Professional Indemnity Insurance for Technical Consultants	Personal injury, property damage and financial losses resulting from incorrect consultancy	Technical consultants
Professional Indemnity Insurance for Non-technical Consultants	Financial losses resulting from an incorrect assignment	Professional services
Legal Expenses Insurance	Lawyer's fees and legal expenses related to the company's operations	All lines of business
Crime Insurance	Losses incurred by the policyholder or the policyholder's client as a result of the policyholder's property crime	All lines of business, especially trade, and sectors where money or a client's property is handled
Directors' and Officers' Liability Insurance	Financial losses caused to the corporation or a third party for which the insured is liable under the current law while acting as a member of a governing body	All lines of business
Cyber Insurance	Costs incurred by the policyholder as a result of a data breach; financial losses caused by the interruption of operations; liability for the disclosure of trade secrets	All lines of business
IPR Insurance	Legal expenses and liability related to intellectual rights	All lines of business involving intellectual rights

Main exclusions

The Professional Indemnity Insurance for Technical Consultants contains some important exclusions and therefore does not cover all damages caused by consultancy. For example, the following damages are not covered by the insurance:

- Bodily injury or property damage arising due to the wilful misconduct or gross negligence of the policyholder or an insured person other than an employee
- Financial loss arising from the wilful misconduct or gross negligence on the part of the policyholder or a person for whom the policyholder is liable
- Damage arising from a product having insufficient capacity or deficient performance due to a reason other than incorrect calculation, drawing, or manufacturing instructions concerning the product
- Damage arising from a building or product or part of these being unsuccessful in terms of shape, material or other aspect of appearance
- Loss arising from a conscious act which violates laws, degrees, or the authorities' orders
- The consulting work being delayed or not completed, the consulting agreement being cancelled, or the completion of the project being delayed

- Costs of correcting or re-performing consultancy work based on an assignment, even if the work is carried out by someone other than the policyholder
- An event involving fines, contractual fines or forfeiture.
- The insurance only covers indirect damages if the client is a consumer
- Damages caused by management consultancy or consultancy other than technical consultancy

How to expand your cover

If necessary, you can extend the insurance to cover damage incurred by the client up to the sum insured.

Validity

The insurance is valid within the territorial limits stated in the policy document. The insurance covers damages discovered during the validity of the insurance. Because a prerequisite for compensation is that the insurance is valid at the time that the damage is discovered, the insurance should not be terminated at the end of the design task (as in the case of insurance taken out for a specific project) – instead, the insurance should remain valid for the duration of the consultant's liability.

Compensation

Amount of compensation and the deductible

The insurance covers damage included in the scope of the insurance coverage up to the sum insured.

The policyholder's deductible is deducted from the amount of compensable loss, separately for each insured event. The deductible is agreed on separately at the time of taking out the insurance.

The deductible is 10% for each damage caused by a single error. The minimum deductible is agreed upon separately, but is always at least EUR 2,000.

If will help in resolving the loss and liability

If loss or damage has occurred or claims are brought against the policyholder, it is advisable to contact If immediately. Our company will determine the liability for damages and amount of loss arising from the insured event eligible for compensation, as well as cover any legal proceedings related to the insured event.

Limitation

The claim report must be submitted to the insurance company without delay, however, within one year from the date on which the policyholder was informed of their possible liability. If the claim is not presented within the time period indicated above, the claimant forfeits their right to compensation.

Insurance is a contract

Insurance is based on an insurance contract. When entering into the contract, it is important that you provide accurate and complete information about, for example, the nature and scale of the insured operation. The contract determines the scope of coverage and the amount of the deductible which form the basis of the compensations payable when the damage occurs. The key contents of the contract are laid out in the policy document. You must inform the insurance company promptly of any mistakes or omissions that you notice and that may have a bearing on the policy.

The policy is effective indefinitely from the date agreed between the policyholder and the insurance company. The insurance premium invoice must be paid on the due date to the bank account indicated on the invoice.

The insurance remains valid if the insurance premium is paid no later than the date due. If the insurance premium has not been paid on the due date, the insurance company can terminate the insurance, effective at the earliest 14 days from the date of dispatch of the notice of termination.

The policyholder can cancel the policy by giving notice of termination in writing. You can cancel your policy at any time. The insurance company also reserves the right to terminate the policy at the end of the insurance period.

Read more
[if.fi/en/
commercial](https://if.fi/en/commercial)

CLAIM EXAMPLE

Client X had commissioned the measurement work for buildings 1-4 of Property Ltd Z from engineering firm Y based on its offer. The work was required for the manufacture and installation of the cladding elements used in the facade renovation.

Based on the designer's measurements, the client had manufactured the elements and attempted to install them, but the measurements made by Y were found to be incorrect and the installation work had to be interrupted. The measurement work had to be redone and the elements had to be either repaired or completely discarded.



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Customer service: 010 19 15 00

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