

AI CONSULTANTS AND AI ADVISERS

Reviewed by Matthew Bartlett, Director · Last reviewed 2026-06-23

AI consulting is one of the fastest-growing UK professional service categories in 2025–26. Most policies were written before the current wave of generative AI deployment and few standard wordings explicitly contemplate AI consulting risk. This entry explains the practical PI position for UK AI consultants in 2026.

THE EXPOSURE

AI consultants face the same family of professional negligence claims as other consultants — bad advice, poor implementation, missed requirements — with three distinctive features:

1. **Model behaviour as a moving target.** Large language models change between deployments. Advice that was correct in March can be wrong in June because the underlying model has been retrained.
2. **Hallucination as a known limitation.** If the consultant's deliverables include AI-generated content (legal text, code, financial analysis), the consultant is potentially liable for content that the model fabricated and the consultant did not adequately verify.
3. **Regulatory ambiguity.** The UK AI regulatory regime is still developing. Advice on GDPR, the upcoming AI bill, sector-specific rules (FCA, MHRA, ICO) needs to be flagged as point-in-time and qualified accordingly.

TYPICAL CLAIM SCENARIOS

- **Implementation failure.** A consultant recommends a model deployment that the client subsequently cannot operate within budget or scope, with consequent losses.
- **Compliance miss.** A GDPR or sector-rule compliance review fails to identify a use case that the regulator subsequently finds non-compliant.
- **Output content liability.** AI-generated content delivered to the client (training materials, code, contracts) contains errors that cause client loss.
- **Vendor lock-in advice.** A consultant recommends a vendor or technology choice that turns out to be commercially or operationally inferior to alternatives.
- **Bias or discrimination claims.** An AI system implemented on the consultant's advice produces biased or discriminatory outcomes that expose the client to claims under the Equality Act 2010.

HOW STANDARD PI WORDINGS RESPOND

Standard IT-consultant or management-consultant wordings will respond to most AI consulting claims because the core "breach of professional duty" trigger doesn't care about the subject matter. But several wording details matter more for AI consulting than for general consulting:

- **Definition of professional business.** The schedule should explicitly list AI advisory, implementation, model evaluation, governance review, and training — whatever the consultant actually does. Anything not listed may not be covered.
- **IP infringement extension.** AI-generated content carries a real risk of incorporating copyrighted training material. An IP infringement extension (often sub-limited) is worth carrying.
- **Cyber carve-out.** Most modern PI wordings exclude losses caused by cyber events. If the AI implementation is part of a system that subsequently has a cyber incident, the PI policy may not respond. A standalone cyber liability policy is the companion cover.
- **Worldwide jurisdiction.** AI implementations often serve US customers from UK consulting bases. US jurisdiction is typically excluded; check whether your work creates US exposure.
- **Defence costs in addition.** AI consulting claims often involve technically complex defence with expert witness costs. Costs-in-addition wordings are materially more valuable here.

THE CONTRACTUAL FRAMEWORK

The PI policy is the backstop; the contract is the first line of defence. Well-drafted AI consulting contracts should include:

- A scope-of-services clause that identifies what the consultant is and is not advising on
- An explicit acknowledgement of AI model limitations (hallucination, training data cutoff, evolving capabilities)
- A requirement that the client validate AI-generated outputs before use
- A liability cap appropriate to the engagement (typically a multiple of fees rather than open-ended)
- An exclusion of consequential and indirect losses where the contract permits
- A defined notification and dispute mechanism

TYPICAL PI STRUCTURE FOR AN AI CONSULTANT

For a UK-based AI consulting practice with £150–500k annual fees and no US exposure, a typical structure might be:

- Limit of indemnity £2m – £5m (any one claim and in the aggregate)
- Defence costs in addition to the limit
- Excess £2.5k – £10k depending on premium budget
- IP infringement extension to £500k sub-limit
- Worldwide jurisdiction excluding US/Canada
- Cyber as a separate companion policy at appropriate limit

Annual premium for that structure typically runs £900 – £2,500 depending on insurer appetite and claims history.

ABOUT APEX INSURANCE BROKERS

Apex Insurance Brokers Limited arranges PI cover for UK technology and AI consultants. FCA firm reference number 724952. We work with insurers who understand the AI consulting category and write contemporary wordings rather than standard IT-consultant boilerplate. If you are setting up or reviewing PI for an AI advisory practice, we will read the proposed wording with you.

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