
CHOOSING THE RIGHT PROFESSIONAL INDEMNITY INSURANCE LIMIT

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"What limit do I need?" is the second-most-asked question after price. The right answer depends on contractual exposure, profession-specific minimums, claim-quantum patterns, and budget. This entry sets out the framework for choosing a UK PI limit in 2026.

THE TWO WAYS INSURERS STRUCTURE LIMITS

Each and every claim. Each claim has access to the full limit. A £2m policy responds to a £2m claim in year one, and if a second £2m claim arrives in the same year, the policy responds again. The total annual exposure to the insurer is theoretically unlimited, though in practice usually capped at 1–2 reinstatements.

Aggregate. All claims notified in the policy year share a single limit. A £2m aggregate policy can pay £2m to one claim and nothing to a second £500k claim if the first exhausted the limit.

Most UK PI policies are written on an aggregate basis. Some professions (architects, accountants) have moved towards each-and-every-claim structures. SRA Minimum Terms require any-one-claim structures for solicitors.

CONTRACT-DRIVEN MINIMUMS

Many client contracts specify minimum PI levels. For commercial professional services:

- £1m is common for low-value engagements
- £2m is the most common minimum for medium-value commercial contracts
- £5m – £10m for higher-value or HRB-related construction work
- £10m+ for major projects with named-insured requirements

Read the contract before quoting. A £25k engagement may require £5m cover under the client's procurement template. The marginal cost of going from £2m to £5m is usually 20–40%, not 150% — buying the higher limit is often the right answer.

PROFESSION-SPECIFIC REGULATORY MINIMUMS

Profession	Minimum	Comments
Solicitors (E&W)	£2m any one claim	SRA Minimum Terms

Solicitors (Scotland)	Scheme cover	LSS Master Policy
Architects (ARB)	£250k	ARB Code criterion 8; most carry £2m+
Surveyors (RICS)	Banded by fee income	£250k to £1m+ depending on turnover
Accountants (ICAEW)	2.5x annual fee income	Minimum £1.5m
IFAs	IPRU-INV 13.1	£1.85m / £2.5m / £5m bands
Mortgage brokers	MIPRU 3.2.7R	£1.85m+
Insurance brokers	MIPRU 3.2.7R	£1.85m+ or 10% of annual income

HOW TO SIZE BEYOND THE MINIMUM

Beyond regulatory minimums, sizing is about claim-quantum patterns for your specific work:

1. **The biggest project value × a multiplier.** A common rule of thumb: cover at least 3x the largest single project value. A consultant on a £500k engagement should carry £1.5m+. A major contract increases the floor for the year.
2. **Aggregate claim potential.** Some professions have aggregate exposure that exceeds any single claim — HR consulting (multiple-employee implications), audit (multi-year), software (multi-customer rollouts). Aggregate cover needs to reflect that.
3. **Run-off planning.** Limits in the last years of trading should anticipate the highest-quantum claims, because run-off cover usually carries the same limit as the final live year.
4. **Insurer's typical claim curve in your profession.** Brokers see the curve. Ask your broker what percentage of claims in your profession exceed £500k, £1m, £2m, £5m.

THE MARGINAL COST OF HIGHER LIMITS

PI premium does not scale linearly with limit. Doubling the limit from £1m to £2m usually adds 10–25% to premium. From £2m to £5m, typically 15–35%. From £5m to £10m, 10–25%. The premium curve flattens as the limit increases because the marginal expected loss for very high claims is small relative to the base.

Practically: if you're already paying £2,000 for £2m of cover, going to £5m might cost £2,500. The £500 buys substantial additional protection. Don't under-buy out of habit.

EXCESS AND LIMIT TRADE-OFF

Excess is the amount you pay before insurance responds. Higher excess = lower premium. The trade-off:

- £1k excess vs £5k excess: typically 5–10% premium difference
- £5k vs £25k: typically 10–20% difference
- £25k vs £100k: typically 15–30% difference

For a firm with strong cash reserves, raising the excess to £25k or £50k can fund a higher limit at no net premium cost. For a firm without those reserves, raising the excess creates a new exposure on every claim.

REINSTATEMENT OF LIMIT

For aggregate policies, reinstatement restores the limit after a claim is paid. Without reinstatement, a £2m policy paying a £1.5m claim leaves £500k for any subsequent claim in the same year. With one reinstatement, the policy returns to £2m for the next claim.

Reinstatement adds typically 5–15% to premium. For high-claim-volume professions (solicitors, IFAs), it is usually worth carrying.

ABOUT APEX INSURANCE BROKERS

Apex Insurance Brokers Limited will model the cost-by-limit curve for your profession and quote at two or three different limits so you can see the trade-off in writing. FCA firm reference number 724952.

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