

MAKING A PROFESSIONAL INDEMNITY CLAIM

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

Most PI policyholders go an entire career without making a claim. When a claim does arrive — or, more commonly, a circumstance that might become a claim — the process matters. This entry walks through the typical UK PI claim flow from notification to settlement, and the choices the insured faces along the way.

STEP 1: RECOGNISE THE TRIGGER

PI policies are claims-made. The policy that responds is the one in force when the claim is made (or the circumstance is notified), not the one in force when the negligent work was done. The trigger can be:

- A formal letter of claim from the third party or their solicitor
- A pre-action protocol letter (Construction Pre-Action Protocol, Professional Negligence Pre-Action Protocol)
- An issued claim form (the litigation has started)
- A circumstance — a matter that has not yet ripened into a claim but which a reasonable person would consider might do so
- A regulator's investigation that may lead to compensation order

If you cannot tell whether something is "a circumstance", err on the side of notifying. Late notification is one of the largest causes of cover dispute.

STEP 2: NOTIFY THE BROKER, NOT JUST THE INSURER

Tell your broker first. They will:

- Take a chronological statement from you about what happened
- Cross-check the current policy wording and any extensions
- Identify which insurer covers the relevant policy year
- Notify the insurer in writing with the right level of detail
- Field the insurer's initial response

Working through the broker preserves the broker's role as your advocate. A direct notification to the insurer's claims team without broker involvement loses that.

STEP 3: FIRST 14 DAYS — INSURER'S INITIAL RESPONSE

Most UK PI insurers respond within 14 days. The initial response usually contains:

- Acknowledgement of receipt with claim reference number
- Confirmation of policy applicable (and any reservation of rights)
- Request for further documents — file copies, correspondence, original engagement letter
- Identification of the panel solicitor who will handle defence
- Confirmation of the excess that applies

A "reservation of rights" letter is not a denial. It means the insurer is reserving the right to dispute cover pending further information. Treat it seriously — provide the requested information promptly and clearly.

STEP 4: DEFENCE SOLICITOR APPOINTED

The insurer usually appoints a defence solicitor from their panel. The solicitor will:

- Take a fresh statement from you (often longer than the broker's chronology)
- Review the file
- Form an early view on the merits of the claim
- Advise the insurer on reserve (the amount they expect to pay)
- Draft initial responses to the third party

You can request a different panel solicitor if you have a good reason (existing relationship with another firm, conflict, complexity outside the appointee's expertise). The insurer will usually accommodate within reason.

STEP 5: INVESTIGATION AND MERITS ASSESSMENT

This is the longest phase. Depending on complexity it lasts weeks to a year. The defence team will:

- Obtain expert evidence (technical experts in your discipline)
- Review the third party's evidence
- Identify any third-party contribution (other professionals who may share liability)
- Assess quantum (the realistic loss the claimant can prove)
- Advise on settlement value versus litigation outcome

You will be asked to attend conferences with the defence solicitor and possibly counsel. Be candid — the privileges that protect those discussions exist precisely so you can be.

STEP 6: SETTLEMENT OR LITIGATION

Most PI claims settle. The choice is:

- **Settle early.** Cheaper to dispose, avoids public litigation, fixed cost. Risk: you settle a claim that might have been defensible.
- **Settle on the courthouse steps.** Most common. You've spent money on investigation but disposed before trial.
- **Litigate to judgment.** Rare. Used when the principle matters more than the cost, or when the insurer believes the claim is unmeritorious.

The insurer makes the settlement decision but you have rights. Most modern PI policies have a "QC clause" — if you disagree with the insurer's wish to settle, you can demand the matter be referred to senior counsel. If counsel says it's unseizable on the proposed terms, the insurer must continue defending.

STEP 7: POST-SETTLEMENT

- The excess is paid by you (deductible from the settlement to the third party, or paid separately)
- The claim sits on your record for renewal disclosure for at least six years
- Premiums may increase on renewal — the increase depends on whether the claim was upheld and quantum
- Some insurers require a higher excess for the next 1–3 years
- If the claim was at the limit, your next year's cover should consider higher limits or reinstatement

WHAT YOU SHOULD NOT DO

1. Do not respond to the claimant directly without insurer/broker involvement
2. Do not admit liability in correspondence — even an apology can be used as an admission depending on framing
3. Do not settle directly with the claimant — that voids the policy
4. Do not destroy documents related to the claim — that triggers a separate set of problems
5. Do not delay notification — late notification is the #1 cause of cover dispute

ABOUT APEX INSURANCE BROKERS

Apex Insurance Brokers Limited handles UK PI claim notifications for clients across the regulated professions. FCA firm reference number 724952. We field the initial insurer interaction, brief the panel solicitor on the context, and stay on the file through to settlement. If you have a notification to make, call as early as possible — the first 48 hours after a trigger event set the tone for everything that follows.

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