

PROFESSIONAL INDEMNITY INSURANCE FOR NEW UK BUSINESSES

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

Setting up a professional services business means buying PI cover before earning a pound of fee income. This is structurally awkward: insurers price on fee history they don't have. This entry explains how new-business PI works in the UK in 2026.

THE FIRST-YEAR UNDERWRITING QUESTION

For a new firm with no trading history, insurers ask:

1. Projected fee income for year 1 (and ideally years 2–3)
2. Founder's experience and prior employer's PI cover details
3. Service mix and target clients
4. Geographic scope
5. Any specific contractual requirements known at outset
6. Any prior claims at the founder's previous employer attributable to their work

The founder's track record matters most. A new firm headed by a 15-year-experienced solicitor will get materially better terms than a brand-new firm with no professional grounding. Insurers also want to see the founder's prior employer's cover details for "retroactive date" purposes (see below).

RETROACTIVE DATE

This is the date from which the policy will respond to claims, regardless of when the work was done. Three options:

- **Inception date.** The policy only responds to work done from policy inception onwards. Anything before is uninsured.
- **Retroactive date set to a specific past date.** The policy responds to claims arising from work done after that date, even if before the policy started.
- **Unlimited retroactive date.** The policy responds to claims regardless of when the work was done.

For a NEW business, the inception date is usually the right answer because there is no prior work. The exception: founders who carried over work from a previous employer should consider negotiating a retroactive date back to when that work started.

RUN-OFF FROM PRIOR EMPLOYER

If the founder left a previous employer, the question is who is liable for that prior work. Three possibilities:

1. The previous employer's PI policy continues to cover the founder for their work done there (most likely if the firm continues to trade and the founder's work was on the firm's account)
2. The previous employer pays for run-off cover that includes the founder's prior work (sometimes part of a leaving arrangement)
3. The founder's new policy picks up the prior work via retroactive date (less common, but possible if specifically negotiated and priced)

The cleanest position: the previous employer's policy continues to handle prior work, and the new firm's policy handles new work from inception. Clarify which insurer is on cover for what BEFORE any claim arrives.

PREMIUM RANGES FOR NEW BUSINESSES

Indicative 2026 ranges for first-year cover (sole-trader / small-practice level):

Service mix	£2m limit, clean cover, year-1
IT / management consulting	£500 – £1,200
HR consulting	£600 – £1,000
Marketing / PR / agency	£500 – £900
Accountancy	£800 – £1,800
Surveying (general)	£1,000 – £2,500
Architecture (residential)	£1,200 – £2,500
Solicitor (start-up firm, E&W)	£3,000 – £6,500
IFA (start-up firm)	£2,500 – £5,000

Year 2 typically sees a modest reduction (15–30%) as actual fee income data becomes available. Year 3 and beyond settles into the regular rating curve for the profession.

COVERAGE GAPS TO WATCH

- **Work done before inception** — uninsured unless retroactive date is negotiated
- **Work done for a previous employer's client that follows you** — usually still the previous employer's responsibility unless contractually transferred

- **Brand-new service line you haven't done before** — declare it in the proposal even if you haven't started yet
- **US/Canada work** — standard exclusion; declare any US client even if the work is performed in the UK
- **Subcontractors and associates** — declare them and ensure cover extends to them

BUYING THROUGH A REGULATOR'S SCHEME

Some professions have scheme arrangements that simplify new-business cover:

- **Solicitors (E&W)** — buy on the open market under SRA MTC; the SRA Compensation Fund provides backup
- **Solicitors (Scotland)** — Master Policy administered by Lockton
- **Architects (ARB)** — open market, but ARB lists familiar brokers
- **Accountants (ICAEW)** — open market; ICAEW publishes minimum requirements but not provider lists
- **Vets (RCVS)** — open market, with VDS as the dominant provider

ABOUT APEX INSURANCE BROKERS

Apex Insurance Brokers Limited writes new-business PI for UK professional services firms. FCA firm reference number 724952. We discuss the retroactive date question, run-off from prior employer, and the structural decisions before quoting. Director Matt Bartlett, SMF3/16/17.

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