

PROFESSIONAL INDEMNITY INSURANCE FOR SOLE TRADERS

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

Sole traders sit awkwardly in the professional indemnity market. Underwriters habitually price for companies and limited liability partnerships, so a one-person practice can find the quote process slow and the rating crude. This entry explains the practical mechanics for UK sole traders considering PI for the first time or reviewing existing cover.

THE LEGAL EXPOSURE IS PERSONAL

A sole trader has unlimited personal liability for negligent advice or services. There is no corporate veil. A claim that exceeds the policy limit can reach personal assets including the family home (subject to ordinary protections). For this reason most professional bodies that allow sole-trader practice (ARB, RICS, ICAEW, SRA) set PI minimums that apply regardless of structure.

COVER DIFFERENCES FROM LIMITED COMPANIES

From an insurer's perspective, the underwriting differences are mostly administrative:

- The insured is the named individual rather than a company
- Cover usually extends to trading names the sole trader uses
- Any subcontractors the sole trader directs are typically named as additional insureds or vicarious-liability extensions
- The premium calculation often treats sole trader income as if it were turnover, but some insurers apply a minimum premium that is high relative to income for very small practices

TYPICAL MINIMUM LIMITS

Most sole-trader PI policies start at £1 million any one claim, £1 million in the aggregate. Profession-specific requirements override this:

- Architects (ARB) — £250,000 minimum but most carry £2m or more in practice
- Surveyors (RICS) — banded by fee income; £250,000 to £1m for smaller practices
- Solicitors (SRA E&W) — £2m any one claim minimum under the SRA Minimum Terms
- Accountants (ICAEW) — 2.5 times annual fee income subject to a £1.5m minimum
- IFAs — IPRU-INV 13.1 sets £1.85m / £2.5m / £5m thresholds

WHAT INSURERS ASK SOLE TRADERS

The proposal form usually asks:

1. Annual gross fees / turnover
2. Years in practice and any prior employer's PI cover (for continuity)
3. Largest fee charged in the last 12 months
4. Any claims, circumstances, or complaints in the last six years
5. Geographic scope of work (UK only, EU, US — US work generally requires US-domiciled cover or excluded)
6. Whether the sole trader subcontracts or supervises others
7. Whether work is for private clients, commercial clients, or both

The geographic question is often where sole-trader applications stumble. A consultant who does occasional US work needs to disclose it carefully — undisclosed US exposure can void the policy at claim stage.

RUN-OFF COVER WHEN WINDING DOWN

When a sole trader retires or stops trading, run-off cover protects against claims that come in later for work done while practising. PI policies are written on a claims-made basis, so the policy in force when a claim is made (not when the work was done) is the one that pays. Without run-off, a claim that arrives after the last live policy is uninsured.

Typical run-off periods:

- Architects — six years is the limitation period for breach of contract; ARB recommends run-off for at least this long
- Solicitors (E&W) — six years run-off is mandatory under the SRA Minimum Terms
- Surveyors — RICS guidance is six years minimum
- IFAs — FOS jurisdiction extends fifteen years, so IFAs often carry run-off considerably longer

Run-off premium is typically a multiple of the last live premium (commonly 100% for year 1, declining over six years). A sole trader who has not budgeted for this can be caught short.

COMMON SOLE-TRADER PITFALLS

1. **Underestimating turnover.** Insurers rate on fee income. Misstating it to get a lower premium creates a non-disclosure problem at claim stage.
2. **Treating the policy as set-and-forget.** Mid-term changes — a new big client, a US project, a subcontractor — should be notified to the broker. Material changes can affect cover.
3. **Letting the policy lapse for a few days.** Even a one-day gap creates an uninsured window. Any claim arising in that gap is uninsured even if a new policy is bought immediately after.
4. **Buying on price alone.** A lower premium policy with broader exclusions, higher excess, or weaker run-off can be much more expensive at claim time.

ABOUT APEX INSURANCE BROKERS

Apex Insurance Brokers Limited arranges PI cover for UK sole traders across regulated and unregulated professions. FCA firm reference number 724952. Director Matt Bartlett, SMF3/16/17. We disclose remuneration basis on engagement and place cover with named insurers including Lloyd's syndicates. If you are a sole trader reviewing PI arrangements, we will discuss the cover structure, run-off planning, and the underwriting questions specific to your profession before quoting.

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