

PROFESSIONAL INDEMNITY VS PUBLIC LIABILITY INSURANCE

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

Professional indemnity (PI) and public liability (PL) are the two liability covers most professional services firms carry. They protect against fundamentally different risks and one is not a substitute for the other. This entry explains the practical difference, the overlap, and the situations where firms get tripped up.

DIFFERENT TRIGGERS, DIFFERENT REMEDIES

Public liability insurance responds to third-party bodily injury or property damage caused by the insured's business activities or premises. A visitor slipping on a wet floor, an architect's site visit triggering damage to the contractor's plant, a consultant spilling coffee on a client's laptop — these are PL claims.

Professional indemnity insurance responds to financial loss suffered by a client (or in some cases a third party) as a result of negligent professional advice, design, or services. An incorrect tax return causing the client to pay penalties, a structural calculation error causing remedial works, a financial recommendation causing investment loss — these are PI claims.

THE LITMUS TEST

Ask whether the loss is:

- **Physical** (bodily injury or property damage) → PL territory
- **Financial** (pure economic loss arising from professional advice or services) → PI territory

This works for most claims. The complications arise where a single event causes both types of loss, or where the categorisation depends on whether the harm was caused by professional advice or by physical activity.

WHERE THEY OVERLAP

A few claim scenarios sit on the boundary:

- **Defective design causing physical damage.** An architect's specification of an unsuitable cladding system leads to remedial works. The damage is physical but the cause is professional advice. Most modern PI policies extend to "consequential physical damage arising from negligent design" but the wording varies.
- **Construction professionals on-site.** A site visit by a surveyor that causes physical damage to the client's property is PL. A surveyor's negligent report about the property's condition causing the client to lose value is PI. The same visit might generate both.

- **Cyber incidents with professional consequences.** A solicitor's data breach exposing client information triggers cyber liability (a sister cover) but the consequent professional negligence (breach of confidentiality) may also engage PI.

WHY MOST PROFESSIONAL FIRMS NEED BOTH

Most professional services firms hold:

1. **Professional indemnity** — primary protection against the firm's core risk
2. **Public liability** — protection against premises-based and on-site physical risks
3. **Employer's liability** — required by law for any UK business with employees (£5m statutory minimum)

Many firms also add:

- Cyber liability — for data breach and ransomware exposure
- Directors and officers (D&O) — for personal liability of company directors
- Office contents and business interruption — to insure the physical operation

These are usually packaged as a "professionals' combined" policy that runs PI alongside PL, EL, contents, and cyber in a single contract.

THE PREMIUM DRIVERS DIFFER

PI premiums are driven by:

- Fee income (often the primary rating basis)
- Service mix and complexity
- Claims history
- Profession-specific regulatory requirements

PL premiums are driven by:

- Number of locations and visitor footfall
- On-site activity (site visits, surveys, installation work)
- Subcontractor use
- Locations type (office vs warehouse vs construction site)

This matters because changes to the business affect the two covers differently. A consultancy that takes on more on-site project management work needs to think about PL even if its fee income is unchanged. A firm that moves entirely to remote working may see PL relax but PI unchanged.

SUMS INSURED — WHAT'S TYPICAL

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Cover	Typical minimum	Typical for medium firm
Professional indemnity	£1m	£2m – £10m
Public liability	£1m	£2m – £5m
Employer's liability	£5m (statutory)	£10m

The right level depends on contract size, client requirements, and risk profile. Many client contracts now specify minimum PI levels and a few specify PL — read what is contractually required before sizing cover.

ABOUT APEX INSURANCE BROKERS

Apex Insurance Brokers Limited places PI and combined commercial cover for UK professional services firms. FCA firm reference number 724952. We are happy to discuss whether a standalone PI policy or a combined professionals' package is the right structure for a firm of your size and risk profile.

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