Professional Indemnity Insurance

Global series prospectus

October 2013
## Prospectus contents

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What is the research?

Finaccord’s series of reports about professional indemnity insurance in various global markets is comprised of 13 separate studies plus related PartnerBASE™ datasets and market data annexes examining the market for and distribution of policies covering professional liability as it exists in ten European countries plus Australia, Canada and South Africa. The studies break down the market for this type of insurance on a standardised basis by professional group with 12 categories considered as follows:

- accountancy and finance;
- alternative medicine;
- architecture and engineering;
- broadcasting and publishing;
- estate agency and property;
- financial and insurance intermediation;
- healthcare-related services;
- IT and business consulting;
- legal services;
- marketing;
- medicine and dentistry;
- and other professional sectors.

Furthermore, they identify affinity schemes for professional liability insurance set up between professional associations and brokers or underwriters of this type of cover, highlight other key underwriters and brokers of professional indemnity insurance and other distribution channels used to sell this form of insurance, and discuss key issues associated with the market. As such, the reports represent the most comprehensive analyses of professional liability insurance in these three countries ever produced.
## Which countries are covered?

<table>
<thead>
<tr>
<th>Country</th>
<th>Most recent update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Sep-12</td>
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<tr>
<td>Austria</td>
<td>Nov-13</td>
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<tr>
<td>Belgium</td>
<td>Nov-13</td>
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<tr>
<td>Canada</td>
<td>Sep-12</td>
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<tr>
<td>France</td>
<td>Nov-13</td>
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<tr>
<td>Germany</td>
<td>Nov-13</td>
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<tr>
<td>Italy</td>
<td>Oct-13</td>
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<tr>
<td>Netherlands</td>
<td>Oct-13</td>
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<tr>
<td>Poland</td>
<td>Nov-13</td>
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<tr>
<td>South Africa</td>
<td>Sep-12</td>
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<tr>
<td>Spain</td>
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<tr>
<td>Switzerland</td>
<td>Oct-13</td>
</tr>
<tr>
<td>UK</td>
<td>Oct-13</td>
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</table>
What is the rationale?

A number of factors combine to form a firm rationale for a series of reports and associated PartnerBASE™ dataset about professional indemnity insurance in these countries. Above all, these are the first ever focused research publications on the subject in spite of the fact that the market for this type of insurance is estimated by Finaccord to have been worth over EUR 8 billion (over USD 11 billion) in 2013 across the 13 countries combined in terms of gross written premiums.

Moreover, it is a complex sector given that it is effectively composed of a series of sub-markets for policies acquired by different types of professional enterprise: Finaccord has developed a standardised market segmentation for 12 professional categories in order to address this complexity. In addition, in many countries it is a market that has been growing in nominal terms, albeit at a modest rate, and that Finaccord forecasts will experience an overall acceleration in the coming years.

Finally, the value of the accompanying PartnerBASE™ datasets derives from the apparent importance of affinity schemes, especially those set up in conjunction with professional associations, in the distribution of professional liability insurance. In fact, in some cases, holding the professional indemnity insurance organised by a particular professional body is a pre-requisite to becoming a member of that body or being able to practise that particular profession, or both.
What methodology has been used?

The research for all of these reports is composed of a survey of professional associations and detailed market data modelling. Across the 13 countries, Finaccord has contacted over 1,500 professional associations broken down by country, professional category and membership type as shown in the pie charts overleaf. The objectives of this survey are to gather data about the number and type of members belonging to the association and the total number of individuals and / or enterprises eligible for membership, as well as to identify any affinity schemes established by them for professional liability insurance.

The market data for these publications has been built up by means of a data model that takes into account the following data points for a nine-year time span for each country and professional category: the total number of insurable enterprises and their distribution by turnover band; an estimated take-up rate for professional indemnity insurance across these enterprises; and an estimated average premium payable per policy for professional liability insurance among insured enterprises. Years covered are 2009, 2013 and 2017 for the ten European countries, and 2007, 2011 and 2015 for Australia, Canada and South Africa (due to their earlier publication date).

Estimated take-up rates and average premiums payable per policy are determined in part by any reliable published data about the market that already exists in the public domain and in part by interviews with leading providers of professional indemnity insurance that Finaccord carried out as part of its research.
How do professional associations surveyed break down?

**BY COUNTRY**
- UK, 150
- Switzerland, 90
- Spain, 115
- South Africa, 110
- Poland, 105
- Alternative medicine, 102
- Netherlands, 110
- Italy, 110
- France, 125
- Germany, 150
- Austria, 80
- Belgium, 90
- Canada, 150
- All corporate, 295
- All individual, 834
- Not known / undisclosed, 156

**BY CATEGORY**
- Accountancy and finance, 116
- Architecture and engineering, 212
- IT and business consulting, 90
- Healthcare-related services, 186
- Legal services, 108
- Estate agency and property, 63
- Financial and insurance intermediation, 73
- Broadcasting and publishing, 88
- Medicine and dentistry, 182
- Marketing, 116
- Other professional sectors, 189
- All corporate, 295
- Mixed, 240
- All individual, 834
What is the structure of the reports?

*Executive Summary:* provides a concise evaluation of the report’s principal findings.

*Introduction:* discusses rationale, research methodology, sample breakdown and definitions.

*Market Analysis:* for the ten European countries, this chapter provides analysis for the number, growth in number and segmentation of insurable enterprises from 2009 to 2013, the approximate size and segmentation of the market for professional liability insurance in 2009 and 2013, the importance of this market within the wider class of general liability insurance, and affinity schemes for professional indemnity insurance set up between professional associations and brokers or underwriters. These chapters also include commentary concerning other distribution channels used to sell this form of insurance, other brokers and underwriters active in the market that are not identified as being involved in affinity schemes, and forecasts for the likely size, growth in size and segmentation of the market for professional liability insurance from 2013 to 2017.

For Australia, Canada and South Africa, the nine-year time span encompasses 2007, 2011 and 2015 due to their earlier publication date.
What are the key features of the research?

Key features of these reports include:

• quantification of the market size for professional indemnity insurance across 13 important countries: how much is each market worth, and where is the fastest growth occurring?

• segmentation of these markets between 12 categories of professional enterprise: what is the magnitude of the opportunity in each of these market segments?

• affinity scheme analysis: which professional associations have set up accredited programs for professional liability insurance, with which brokers and / or underwriters do they hold relationships to this end and what is the importance of specific brokers and underwriters in the overall schemes marketplace?

• availability of accompanying PartnerBASE™ datasets that fully log the many affinity schemes identified by Finaccord across professional associations researched;

• forecasts for the market for professional indemnity insurance in each country by category of professional enterprise: what is this sector likely to look like in the future?
How can the research be used?

You may be able to use these reports plus the accompanying PartnerBASE™ datasets and market data annexes in one or more of the following ways:

• to compare the size, growth rates and future prospects of professional liability insurance markets in each country across 12 distinct categories, utilising the market data annexe as a convenient source of data already in Excel format;

• to evaluate the potential for your organisation to target professional indemnity propositions at specific professions;

• to understand the competitive environment for broking and underwriting by both country and professional category;

• to gain access to a single comprehensive source of information providing broker and / or underwriter details for affinity schemes set up by professional associations for this form of insurance;

• to appreciate which professional categories offer the best long-term potential, which are already saturated with competitors, and what product or distribution innovations are occurring.
How can the PartnerBASE™ be used?

Source: Finaccord PartnerBASE

Note - The PartnerBASE also includes data for the number of members of each professional association, the percentage of those members that are individual members (as opposed to corporate members) and the category subset of those members (e.g. civil engineers within ‘architecture and engineering’, event organisers within ‘marketing’).
Who can use the research?

1. **Underwriters**: these reports provide unique analyses of markets with a substantial value across 14 countries and offer valuable insights into the dynamics of each country broken out by professional category for both actual and aspiring underwriters of professional liability insurance;

2. **Brokers**: a majority of affinity programs established by professional associations involve a broker: your organisation can understand more about the competitive environment in this arena by subscribing to this research;

3. **Regulators**: the insurance of risks related to professional activity is organised in different ways in different jurisdictions and this research will show you how it works in up to 13 countries;

4. **Banks**: almost all enterprises eligible for professional indemnity insurance will also be business banking customers yet banks are relatively minor distributors of this type of policy, in spite of the fact that it accounts for a significant portion of the overall commercial lines market;

5. **Management consultancies**: are you helping an insurance broker or underwriter with its future plans for professional liability insurance in any or all three of these countries? Save time researching the subject yourselves by accessing this publication.
What are some of the key findings?

1. The total number of insurable professional enterprises in Switzerland grew at a compound annual rate of 1.9% between 2009 and 2013.

Source: Bundesamt für Statistik, Finaccord estimates
What are some of the key findings? (cont.)

2. As a component of the declining market for general liability insurance in Spain, professional indemnity cover is becoming increasingly important.

Source: Finaccord Professional Indemnity Insurance Model
What are some of the key findings? (cont.)

3. In Canada, two brokers are especially prominent in the market for schemes for professional liability insurance set up with associations.

Source: Finaccord PartnerBASE™ for Professional Indemnity Insurance
What are the costs and formats?

These reports about professional indemnity insurance in 13 countries are available as standard PDF documents. The PartnerBASE™ datasets and market data annexes that accompany them at no further charge are in Excel format. Prices for these studies plus the overview about all ten European markets are as follows:

<table>
<thead>
<tr>
<th>Professional Indemnity Insurance</th>
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<tr>
<td>in Europe</td>
<td>2,995</td>
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<tr>
<td>in Australia</td>
<td>795</td>
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* For UK-based clients, VAT at the prevailing rate will be added to the basic price. Costs quoted are for a single site user licence only. For a corporate user licence, please see the final slide for further details. Invoices can be paid in EUR or USD, at the prevailing exchange rate, if preferred. For acquisition of multiple reports, please contact Finaccord - discounts may be available.
How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at [www.finaccord.com/order_professional_indemnity_insurance_reports.htm](http://www.finaccord.com/order_professional_indemnity_insurance_reports.htm) and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

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**VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.**