

# Professional Indemnity Insurance

Global series prospectus

# 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 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 the following countries: Australia; Austria; Belgium; Brazil; Canada; France; Germany; India; Ireland; Italy; Mexico; the Netherlands; Poland; South Africa; Spain; Sweden; Switzerland; the UK; and the US.

The studies break down the market for this type of insurance on a standardised basis by professional group with 13 categories considered as follows:

- accountancy and finance;
- architecture;
- D&B (design and build);
- engineering;
- estate agency;
- financial and insurance intermediation;
- healthcare-related services;
- IT and business consulting;
- legal services;
- media and marketing;
- medicine and dentistry;
- surveying;
- and other professional sectors.

*continued overleaf*

## What is the research? (continued)

In particular, they quantify the number, growth in number and segmentation of insurable enterprises in each country from 2011 to 2015 plus the value, growth and segmentation of the market for professional indemnity insurance over the same time frame and with a forecast to 2019. These segmentations are provided not only for each of the 13 aforementioned professional categories but also by annual fee income or turnover band in order to show the potential and actual market value attributable to the largest and smallest professional enterprises.

In addition, three further segmentations of the market value in 2015 are also given in each country: between business dealt with by domestic underwriters and that placed with non-domestic underwriters; between new business and renewals; and between primary layer and excess layer business.

Moreover, either wholly or partially on the basis of a survey of leading brokers of professional indemnity cover in each country, the reports identify the underwriters of this type of insurance that are used most frequently and provide estimates for the market shares by premium income of leading underwriters in 2015 for all forms of professional indemnity cover combined expressed as a percentage range (e.g. 5.0% to 7.5%).

Finally, the studies identify affinity schemes for professional liability insurance set up between professional / trade associations and brokers or underwriters of this type of cover, highlight other distribution channels used to sell this form of insurance (e.g. brokers, direct sales, online aggregators, other affinity partners) and discuss key issues associated with the market. As such, the reports represent the most comprehensive analyses of professional liability insurance in these countries ever produced.

## What are the publication dates?

<b>Country</b>	<b>Date of publication</b>	<b>Country</b>	<b>Date of publication</b>
Australia	Mar-16	Mexico	May-16
Austria	Mar-16	Netherlands	Mar-16
Belgium	Mar-16	Poland	May-16
Brazil	Apr-16	South Africa	May-16
Canada	Mar-16	Spain	Feb-16
France	Mar-16	Sweden	Mar-16
Germany	Mar-16	Switzerland	Apr-16
India	Apr-16	UK	Jan-16
Ireland	Feb-16	USA	Apr-16
Italy	Mar-16		

## What is the rationale?

A number of factors combine to form a firm rationale for a series of reports, associated PartnerBASE™ datasets and market data annexes about professional indemnity insurance in these countries.

First, this 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 13 professional categories in order to address this complexity. In addition, in many countries it is a market that has been growing in nominal terms and that Finaccord forecasts may experience an overall acceleration in the coming years.

Moreover, public domain data about professional indemnity insurance is often hard to come by as it is often subsumed into the broader (and less meaningful) class of general liability insurance in official company and industry association / financial supervisor reporting.

Finally, the value of the accompanying PartnerBASE™ datasets derives from the apparent importance of affinity schemes, especially those set up in conjunction with professional / trade associations, for 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 surveys of leading market participants and professional / trade associations plus detailed market data modeling. Across the various countries in scope, Finaccord has contacted over 400 brokers and more than 3,000 associations. Among the objectives of these surveys are to identify underwriters with which professional indemnity risks are placed on a regular basis, to gather data about the number and type of members belonging to associations (plus the total number of individuals and / or enterprises eligible for membership), and to identify any affinity schemes established by associations for professional liability insurance.

Meanwhile, the market data for these publications has been built up by means of a data model – partially informed by the surveys of leading brokers and underwriters – 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 annual fee income / 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 2011, 2015 and 2019 in all cases.

Estimated take-up rates and average premiums payable per policy are determined in part by any reliable data about the market that already exists and in part by interviews with leading brokers and underwriters of professional indemnity insurance that Finaccord carried out as part of its research.

## 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:* this chapter is composed of six main elements as follows:

- 1) number, growth in number and segmentation of insurable enterprises
- 2) market value, growth and segmentation
- 3) underwriter utilisation and market shares
- 4) affinity schemes with professional / trade associations
- 5) other distribution channels
- 6) market value forecast

Note that in addition to the studies as a whole, elements 1), 2) and 6) can be acquired together as a single package (including the related market data annexe), as can element 3 in isolation and elements 4 and 5 together (including the related PartnerBASE™ dataset). Please see slide 17 for further details.



## What are the key features of the research?

Key features of these reports include:

- quantification of the market size for professional indemnity insurance across a number of important countries – how much is each market worth, and where is the fastest growth occurring?
- segmentation of these markets between 13 categories of professional enterprise and by annual fee income / turnover band – what is the magnitude of the opportunity in each of these market segments?
- identification of underwriters used by brokers on a regular basis for placing professional indemnity risks and estimates for the market shares of leading underwriters by premium income – what is the apparent competitive structure of the market in each country?
- affinity scheme analysis and availability of accompanying PartnerBASE™ datasets – which professional and trade 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?
- 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 a variety of distinct categories and annual fee income / turnover bands utilising the market data annexe as a convenient source of data already in Excel format;
- to understand how the market value breaks down in each country between business dealt with by domestic underwriters and that placed with non-domestic underwriters, between new business and renewals, and between primary layer and excess layer business;
- to acquire insight into the competitive environment for broking and underwriting plus key issues affecting the largest market segments such as architecture, D&B, engineering, healthcare-related services and medicine / dentistry;
- to gain access to a single comprehensive source of information providing broker and / or underwriter details for numerous affinity schemes set up by professional and trade associations for this form of insurance.

## How can the PartnerBASE™ be used?

Select country

Identify insurance brokers

Organisation	Country	Category	PROFESSIONAL INDEMNITY INSURANCE		Broker(s)	Underwriter(s)
			Offered?	Operating model		
Society of Garden Designers	UK	Other professional sectors	Yes	External broker	MFL	
Society of Homeopaths	UK	Healthcare-related services	Yes	External underwriter via external broker	Lockton	RSA
Society of Local Authority Chief Executives	UK	Other professional sectors	Yes	External broker via external broker	Parliament Hill / Trafalgar Risk Management	
Society of Professional Accountants	UK	Accountancy and finance	Yes	External broker	Arlington Professional Risks	
Society of Radiographers	UK	Healthcare-related services	Yes	External underwriter		Lloyd's of London

Look up specific associations

Filter by professional category

Choose operating model

Identify insurance underwriters

Source: Finaccord PartnerBASE

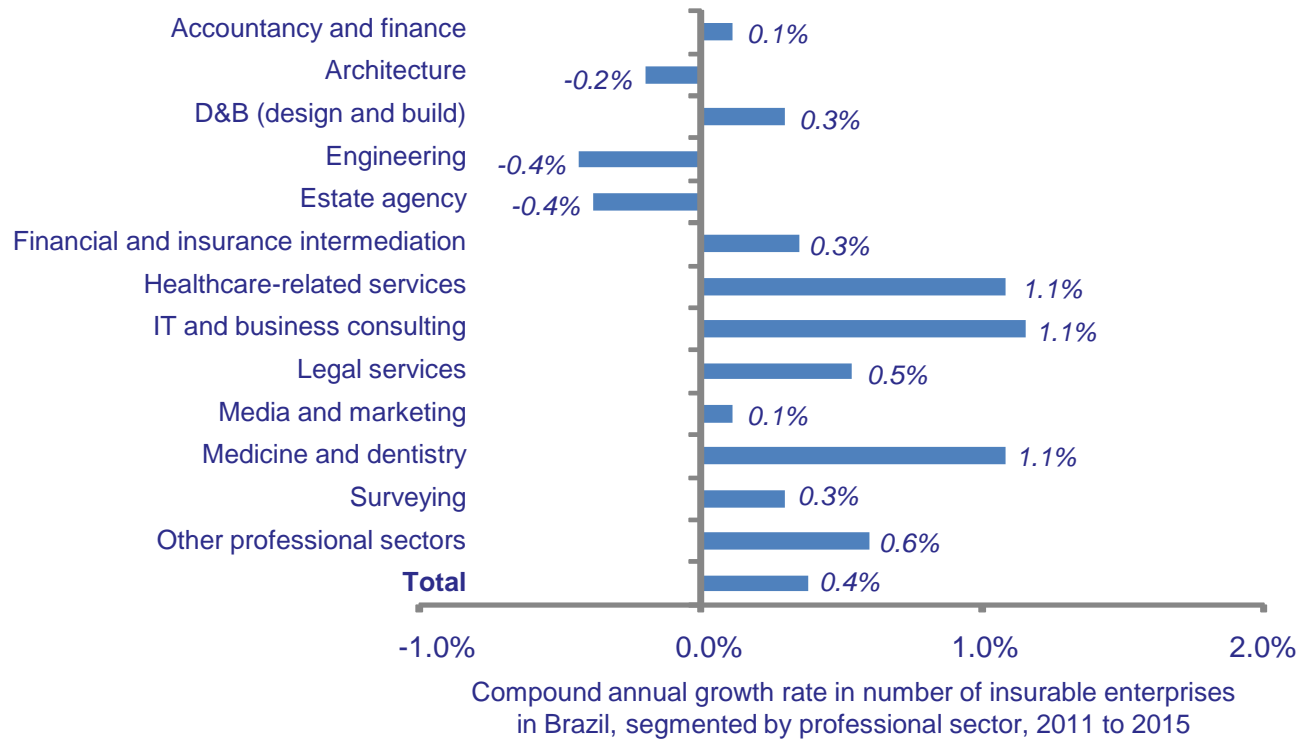
Note - The PartnerBASE also includes data for the number of members of each professional association, the percentage of those members that are individual members (as opposed to corporate members) and the category subset of those members (e.g. civil engineers within 'engineering', event organisers within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

## Who can use the research?

1. *Underwriters*: these reports provide unique analyses of markets with a substantial value across a range of countries and offer valuable insights into the dynamics of each country broken out by professional category and annual fee income / turnover band for both actual and aspiring underwriters of professional liability insurance;
2. *Brokers*: albeit the proportion varies by country, many 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 a number of important countries;
4. *Management consultancies*: are you helping an insurance broker or underwriter with its future plans for professional liability insurance in any of these countries? Save time researching the subject yourselves by accessing this publication.

# Sample analysis from the series (1)

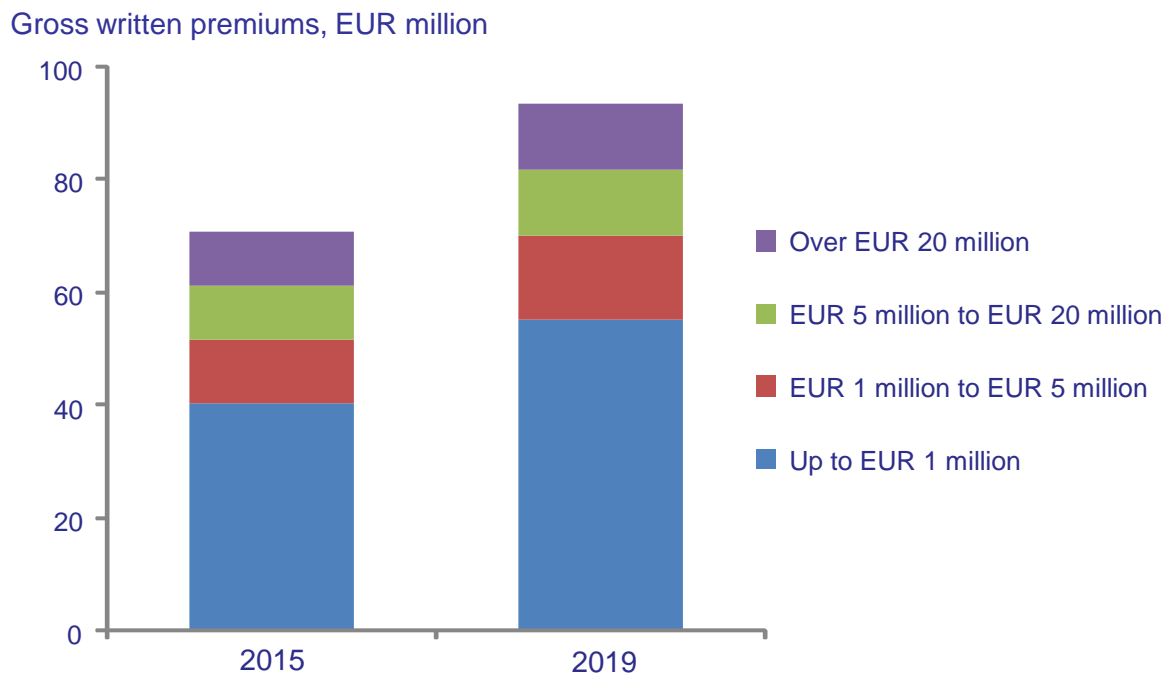
## 1. Three categories saw a contraction in their number of insurable professional enterprises in Brazil between 2011 and 2015



Source: Finaccord Global Professional Indemnity Insurance Model

## Sample analysis from the series (2)

2. As in many countries, a high proportion of the value of professional indemnity cover in Poland is attributable to small enterprises with annual fee income or turnover of less than EUR 1 million, and this will remain the case in 2019

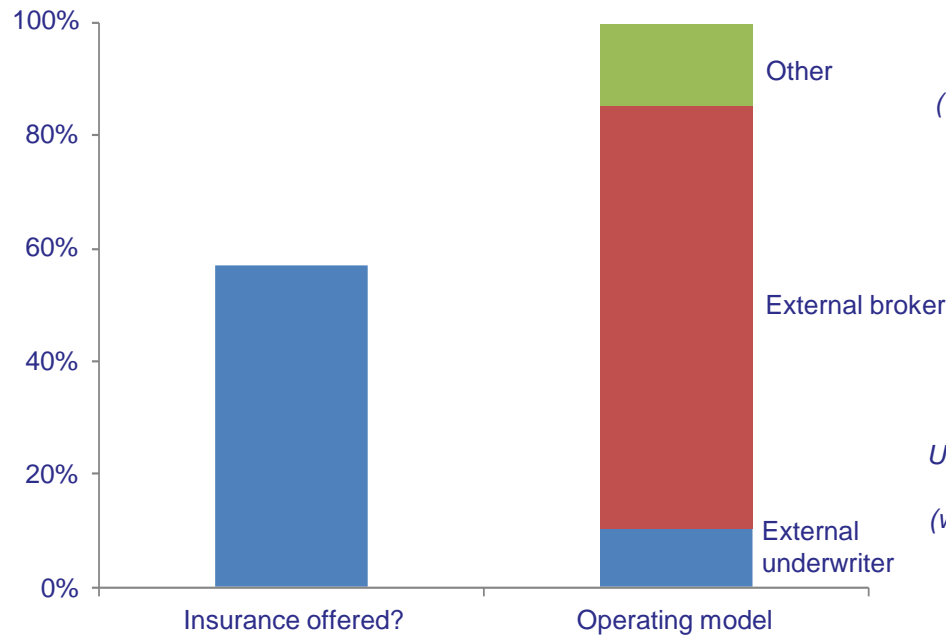


Source: Finaccord Global Professional Indemnity Insurance Model

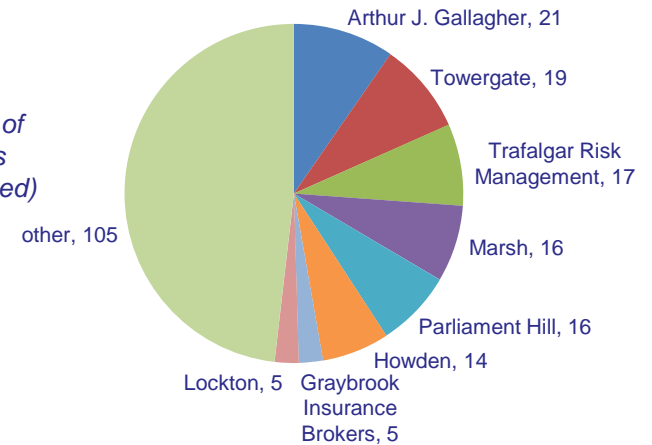
## Sample analysis from the series (3)

**3. In the UK, Arthur J. Gallagher runs the most affinity schemes for professional indemnity cover among brokers while Hiscox is the most commonly used underwriter**

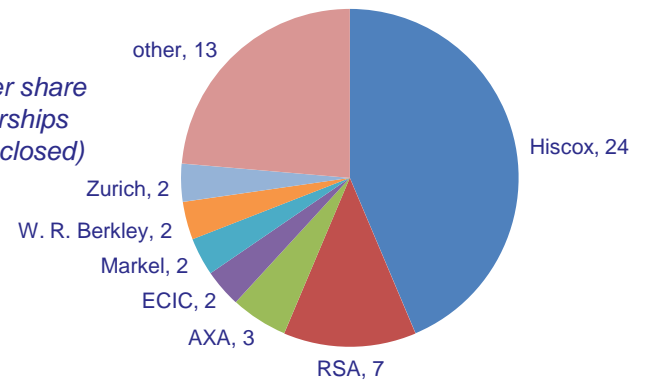
Provision rate and operating models



*Broker share of partnerships (where disclosed)*



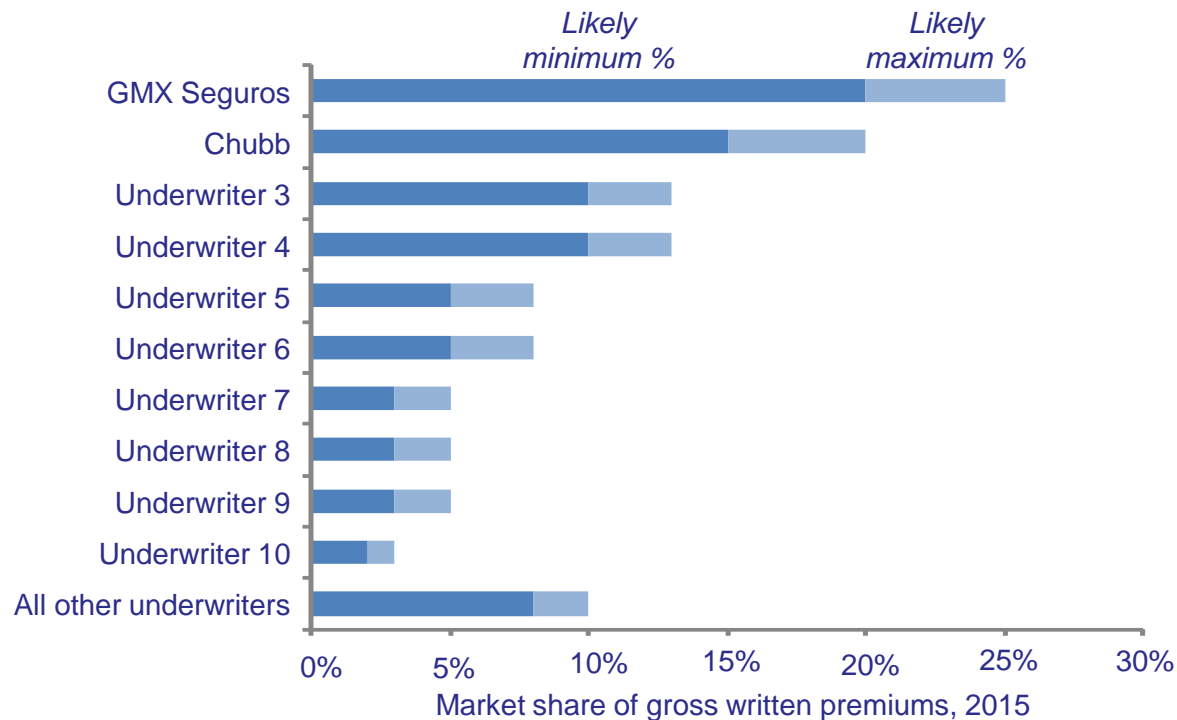
*Underwriter share of partnerships (where disclosed)*



Source: Finaccord PartnerBASE™ for Global Professional Indemnity Insurance

## Sample analysis from the series (4)

4. In Mexico, GMX Seguros is the probable market leader with a share of premiums estimated at between 20% and 25% in 2015 while underwriters outside of the top ten are likely to be limited to between 8% and 10% of the total



Note – underwriters 3 to 10 are named in the report about Mexico

Source: Finaccord estimates



## What are the costs and formats?

These country-specific reports about professional indemnity insurance 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 the outputs produced in 2016 for each country are as follows:

- full study (including PartnerBASE™ dataset and market data annexe) = **GBP 995**
- sections about number, growth in number and segmentation of insurable enterprises, market value, growth and segmentation, and market value forecast (including market data annexe) = **GBP 395**
- sections about affinity schemes with professional / trade associations and other distribution channels (including PartnerBASE™ dataset) = **GBP 395**
- section about underwriter utilisation and market shares = **GBP 395**

*\* 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

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