BIBA's latest addition to its PI Initiative library is a valuable aide-mémoire written primarily to help new or less experienced staff appreciate the risks faced in day-to-day business transactions. It is also a helpful refresher for all staff in avoiding the more common errors and omissions claims.

The guide covers areas including:

- What is the most common cause of E&O claims against brokers?
- What do you do if a client instructs you to do something you believe is wrong?
- What practical steps are open to brokers looking to reduce the risk of claims?

Policyholders have an expectation of their insurance purchase. But, when it is not met, there exists the potential for a claim against the broker.

One of the most vexing problems in the modern insurance transactional process is getting essential information to the client and explaining what it means. More than 80 per cent of the errors made by broking personnel are errors of communication.

Warranties, Claim Notification Conditions, the effects of Conditions Precedent and the problem of Material Information are all communication matters that brokers could fall foul of without realising an error has been made.

Indeed, policyholders may point to recent case law to support a claim of broker negligence where they did not understand something about the policy which turns out to be crucial to the payment of a claim. This new BIBA booklet provides some more detail around these risks and some of the recent case law in this area.

Roger Flaxman, Managing Director of Flaxman Partners, the consultants to BIBA, has helped produce the guide. Roger comments: “This is what the members have asked for. It is an informal guide designed to create an awareness of some of the wide spectrum of pitfalls and potential liability risks of everyday business dealings that have long faced all brokers, BIBA members and non-members alike.

“While it is neither an exhaustive description of everything that can befall a broker in modern practice nor a definitive statement of industry practice, the guide should serve to highlight, by examples of recent PI issues and case law, the role that reliable PI cover can play for brokers who are challenged over the advice or service they have given or not.”

Alan Eyre from BIBA accredited PI broker Towergate adds: “Remember, the broker’s PI policy does not cover the substantial hidden costs of lost time, personal reputation and interruption to the business in preparing a defence to a claim. Brokers cannot afford a claim.”

Meanwhile, Lance Rigby of fellow BIBA accredited Howden Insurance Brokers continues: “Broker professionalism is currently under the microscope of the regulators and the courts. As an accredited BIBA PI broker we helped produce this guide in order to promote these issues to our clients and so this excellent publication is a timely and essential read for every broker.”

Neville Miles of BIBA accredited Lockton Professions concludes: “In our highly litigious environment we need all the latest help and support we can get to reduce the risk of broker negligence. BIBA’s booklet no. 5 provides an excellent, concise overview of common causes of claims and offers some great tips to help mitigate these risks.”

Copies of the guide are available from the member line on 0844 7700266 or in the PI Initiative section of the BIBA website.

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