ProfessionalEdge Winning Tips



The Importance of Considering Contractual Liability

When policyholders provide professional services, they may be required to sign a contract with the third party.

Quite often this occurs without the policyholder seeking legal advice or talking to their insurance broker about whether their Professional Indemnity insurance will cover them for their exposure under that contract.

The terms of a commercial contract can be inconsistent with standard cover provided by a Professional Indemnity policy, so if a policyholder does not seek advice prior to signing, they can be exposed to a variety of risks.

They may inadvertently be agreeing to provisions that expose them to unintended obligations and liabilities, such as liability for principals or sub-contractors, liquidated damages, hold-harmless clauses and subrogation waivers, which could be outside the scope of their insurance cover and could even put them in breach of the policy conditions.

Once a contract has been signed, there is limited scope for re-negotiation, and similarly a Professional Indemnity policy is also difficult to amend, including changes to clauses such as Assumed Liability and Limitation of Liability exclusions.

The best approach for policyholders prior to signing any sort of contract is to obtain appropriate advice, in order to ensure comprehensive protection for their business.

Easily quote and bind ProfessionalEdge policies online via Sunrise or the AIG Transact Business Portal.

Winning Tip No. 6

Policyholders must be aware of the risks associated with signing a contract without seeking advice.

Coverage may not be provided under a Professional Indemnity policy, potentially leaving the policyholder exposed.



For more information and sales tools: www.aig.com.au/ProfessionalEdge

American International Group, Inc. (AIG) is a leading global insurance organisation. Building on 100 years of experience, today AIG member companies provide a wide range of property casually insurance, life insurance, retirement products, and other financial services to customers in more than 80 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. Www.linkedin.com/company/aig. AIG is the marketing name for the worldwide property-casually, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit our website at www.aig.com. All products and services may not be available in all countries, and coverage is subject to actual policy language. This document provides a general averview of the subject matter and should not be taken as providing any specific advice, legal or otherwise. The content is a guide to coverage benefits and should not be relied upon to determine policy coverage. The precise scope and breadth of policy coverage is subject to the specific terms and conditions of each policy wording. Non-insurance products and services may be provided by independent third parties.