

IRDAI panel suggests standard professional indemnity policy

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NEW DELHI: An IRDAI panel has suggested standardisation of the professional indemnity policy under which insurance cover can be provided to brokers, corporate agents, web aggregators and insurance marketing firms.

A professional indemnity policy is a liability insurance product that protects individuals giving professional advice and professional entities against negligence claims by their clients for errors and omissions. It covers financial loss suffered by the clients resulting from breach of professional duty.

The committee for standardisation of professional indemnity insurance policy set up by IRDAI has suggested standard proposal and policy form for brokers (direct, reinsurance and composite), corporate agents, web aggregators and insurance marketing firms.

As per the recommendation, policies issued under the new format will cover all damages resulting from any claim for breach of duty of the insured, fraud and dishonesty of any employee for which the insured becomes legally liable.

Under the new dispensation, it would not be permissible to issue any public liability insurance policy with unlimited liability, as per the proposed standard policy.

Stakeholders can send their comments on the standard policy to the Insurance Regulatory and Development Authority of India (IRDAI) by February 7, 2021.

The rates of premium under the new agreement will be on an annual basis and full premium will have to be paid at the inception. It will not be permissible to accept premium in installments, the panel's report said.