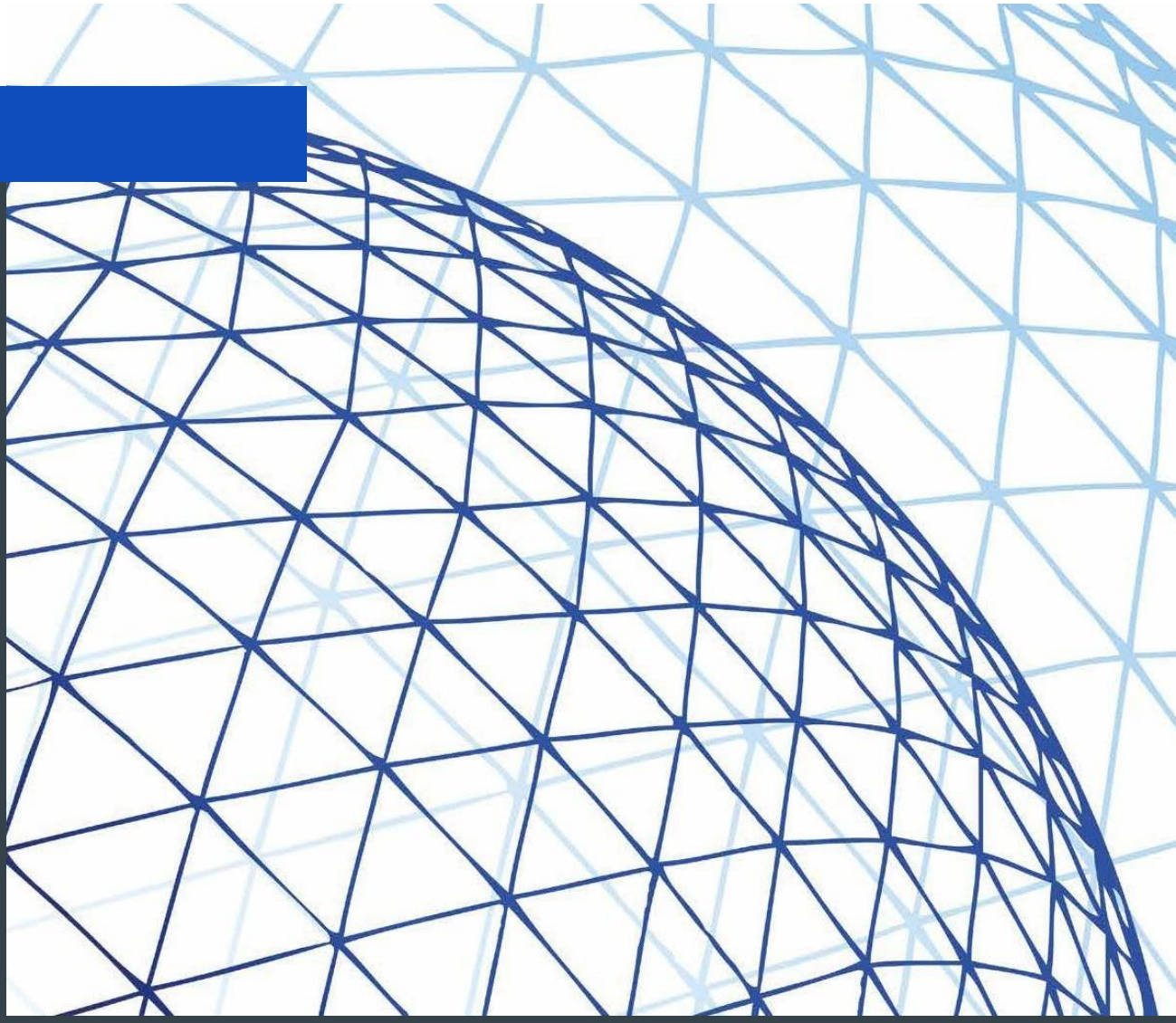
REGULATION



Professional indemnity insurance requirements

UK and Republic of Ireland: Version 11 with effect from 1 July 2025

RICS®

RICS Rules of Conduct

'Firms must ensure that all previous and current professional work is covered by adequate and appropriate professional indemnity cover that meets the standards approved by RICS.'

The standards approved by the Standards and Regulation Board for firms providing surveying services in the United Kingdom are set out in this document.

Aim

The purposes of having professional indemnity insurance (PII) are to:

- ensure that if the firm faces a claim, it is protected from financial loss that it cannot meet from its own resources
- protect the insured member or firm against the consequences of its liability to pay damages to third parties for breaches of professional duty that it commits through its professional activities and
- ensure that the firm's clients do not suffer financial loss, which the firm cannot meet.

Firms will adopt different ways of meeting these aims according to their size, the risks attached to the type of work they carry out and their resources.

RICS requires that a PII policy should meet the following standards

The nature and extent of the insurance must be adequate and appropriate having particular regard to:

- an any one claim basis or aggregate plus unlimited round the clock reinstatement basis other than in respect of Asbestos, Pollution and Fire Safety coverage which can be on an aggregate basis
- Defence Costs should be in addition to the limit of indemnity other than in respect of Asbestos, Pollution and Fire Safety where Defence Costs can be inclusive of the limit of indemnity
- RICS' minimum policy wording or more comprehensive wording. Separate minimum policy wording documents for the UK and Republic of Ireland are published alongside this document. As a minimum, you should ensure that your policy wording is written on a full civil liability basis (other than in respect of Asbestos, Pollution, Fire Safety Five Storeys and Above and in the UK, External Wall and Fire Risk Assessment, where insurers are permitted to provide coverage on a negligent act, negligent error and negligent omission basis) and
- the minimum level of indemnity based on the firm's turnover in the previous year (or estimated for a new firm).

Table 1: Minimum limit of indemnity

Firm's turnover in the preceding year	Minimum limit of indemnity
£100,000 or less	£250,000
£100,001 to £200,000	£500,000
£200,001 and above	£1,000,000

To manage their risk adequately, some firms may wish to hold a higher level of indemnity.

Table 2: Maximum level of uninsured excess

Maximum level of uninsured excess (the part of each claim the firm must pay itself)

Limit of indemnity	Maximum uninsured excess
£10,000,000 or less	The greater of 2.5% of the sum insured, or £10,000
£10,000,001 and above	No set limit

The uninsured excess must be provided on an each and every claim basis other than in respect of Financial Services Claims where the excess can be provided on an each and every claimant basis. The uninsured excess may also apply to Defence Costs.

Fully retroactive

PII policies work on a 'claims made' basis. This means that the policy covers claims that are first made against the insured during the period of insurance regardless of when the negligent act occurred. If the retroactive date of the policy is stated as 'none' then the policy is fully retroactive and all former work carried out by the firm will be covered.

The RICS minimum policy wording allows for a retroactive date of 1 July 2024 (or later) for Fire Safety Claims relating to work on buildings Five Storeys and Above (and External Wall and Fire Risk Assessment Claims in the UK).

Underwritten by a listed insurer

Further information on listed insurers can be found at https://www.rics.org/regulation/regulatory-compliance/professional-indemnity/insurers-brokers

Cover for past and present employees

This includes all past and present partners, directors, members and employees. This protects your firm for the work that has been carried out in its name and also those who leave the firm.

Run-off cover

To ensure that firms, members and their clients are not exposed to financial detriment in the period following a firm ceasing to trade, RICS requires firms to obtain fully retroactive run-off cover.

Firms should advise their existing insurer as soon as possible prior to cessation of business. In the event that run-off cover is not purchased or not available, the Firm should advise their existing insurer that no separate run-off cover is in place.

The minimum policy requirements are:

For consumer claims

For consumer (any natural person acting for purposes outside their trade, business or profession) claims, the requirement is for a limit of £1,000,000 in all for a period of six years from the expiry date of the policy in force at the time of cessation where the practice ceases and there is no replacement insurance complying with the requirements outlined in this document. Insurers do not have the right to charge an additional premium for consumer run-off coverage and must provide this coverage where all or part of the original premium has been paid.

For non-consumer claims

The requirement is for Firms to have adequate and appropriate run-off cover, but RICS would expect that run-off to be maintained for a minimum period of six years from the cessation of the practice. Run-off for commercial activity may be arranged and paid for on an annual basis.

Run-off Pool

Firms that are unable to obtain run-off from their incumbent insurer or the open market will be able to apply for coverage to the Run-off Pool.

Further information

Your insurance broker should be able to provide you with further information on your insurance requirements. For further guidance on professional indemnity insurance, please phone the Regulation Helpline on **020 7695 1670**, or email **regulation@rics.org**.

Additional requirement

All RICS firms that conduct general insurance distribution work and are required to be registered with the Financial Conduct Authority or RICS' Designated Professional Body scheme must adhere to the following professional indemnity insurance requirement, which replaces the minimum limit of indemnity shown in Table 1.

A limit of indemnity equivalent to at least €1,300,380 for a single claim, and in the aggregate the higher of: (a) €1,924,560, and (b) an amount equivalent to 10% of annual income (this amount being subject to a maximum of €30 million). The PII must cover any claims firms may face, and if undertaking cross-border insurance distribution activities, this must include cover for activities into, or from, territories outside of the UK. The cover requirement applies when the policy is taken out, renewed or extended.

Please refer to RICS' Designated Professional Body Rules for further information.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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