

# **Professional Indemnity Insurance**

**Global series prospectus**

# Prospectus contents

	<b>Page</b>
What is the research?	3-4
Which are the publication dates?	5
What is the rationale?	6
What methodology has been used?	7
What is the structure of the reports?	8
What are the key features of the research?	9
How can the research be used?	10
How can the PartnerBASE™ be used?	11
Who can use the research?	12
Sample analyses from the series	13-16

## 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; Canada; France; Germany; Ireland; Italy; the Netherlands; 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 2015 to 2019 plus the value, growth and segmentation of the market for professional indemnity insurance over the same time frame and with a forecast to 2023. 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, four further segmentations of the market value in 2019 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; between primary layer and excess layer business; and between specialty and non-specialty 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 premiums of leading underwriters in 2019 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	Q3-20	Netherlands	Q2-20
Austria	Q2-20	South Africa	Q3-20
Belgium	Q2-20	Spain	Mar-20
Canada	Q3-20	Sweden	Mar-20
France	Mar-20	Switzerland	Q2-20
Germany	Q2-20	UK	Q2-20
Ireland	Mar-20	USA	Q3-20
Italy	Mar-20		

In addition, reports about this topic in Brazil, India, Mexico and Poland are available that were published in 2016.

## 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 250 brokers and more than 2,500 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 2015, 2019 and 2023 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:

- number, growth in number and segmentation of insurable enterprises
- market value, growth and segmentation
- underwriter utilisation and market shares
- affinity schemes with professional / trade associations
- other distribution channels
- market value forecast



# 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, between primary layer and excess layer business, and between specialty and non-specialty 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?

Organisation	Country	Category	PROFESSIONAL INDEMNITY INSURANCE		Broker(s)	Underwriter(s)
			Offered?	Operating model		
Associazione Italiana Logopedisti	Italy	Healthcare-related services	Yes	External underwriter		Italiana Assicurazioni (Reale Mutua)
Associazione Italiana Magistrati	Italy	Legal services	Yes	Multiple external underwriters via external broker	Marsh	AIG, Generali
Associazione Italiana Marketing	Italy	Media and marketing	Yes	External underwriter via external broker	AEC Master Broker	Lloyd's of London
Associazione Italiana Medici Oculisti	Italy	Medicine and dentistry	Yes	External broker	Willis	
Associazione Italiana Odontoiatri	Italy	Medicine and dentistry	Yes	External underwriter via external broker	Aon	Reale Mutua

**Select country** (points to Italy in Country column)  
**Look up specific associations** (points to Associazione Italiana Marketing in Organisation column)  
**Filter by professional category** (points to Medicine and dentistry in Category column)  
**Choose operating model** (points to External broker in Operating model column)  
**Identify insurance brokers** (points to Marsh in Broker(s) column)  
**Identify insurance underwriters** (points to Reale Mutua in Underwriter(s) column)

Source: Finaccord PartnerBASE

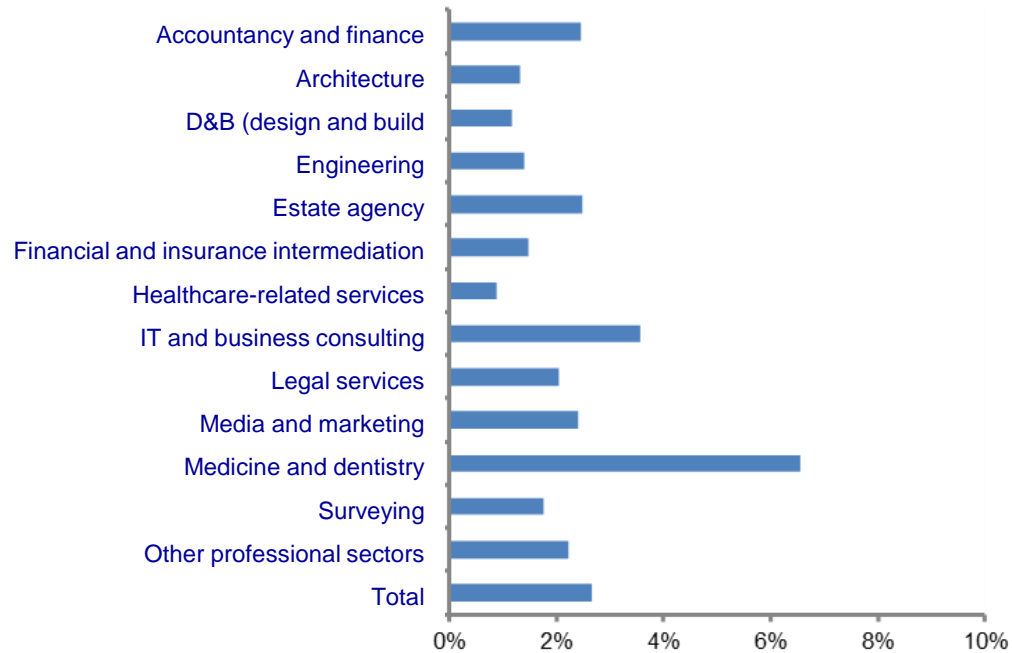
Note - The PartnerBASE also includes data for the number of members of each professional association, the percentage of those members that are individual members (as opposed to corporate members) and the category subset of those members (e.g. civil engineers within 'engineering', event organisers within '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 Sweden between 2015 and 2019

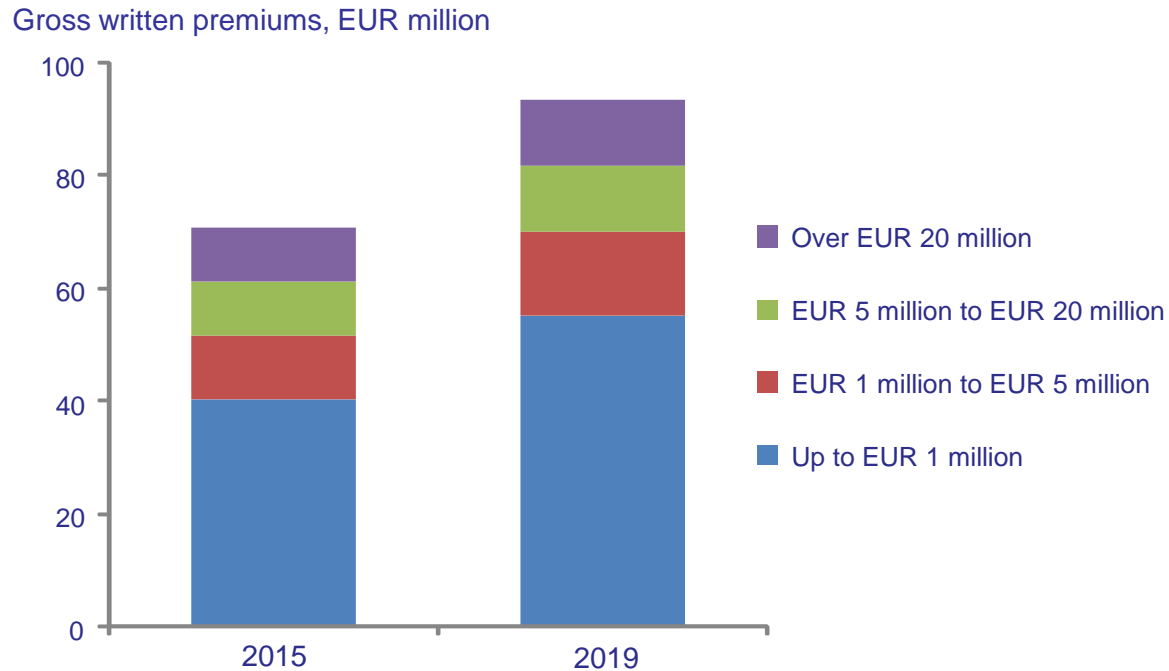


CAGR in number of insurable enterprises in Sweden, segmented by professional sector, 2015 to 2019

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 (PLN 4.5 million)

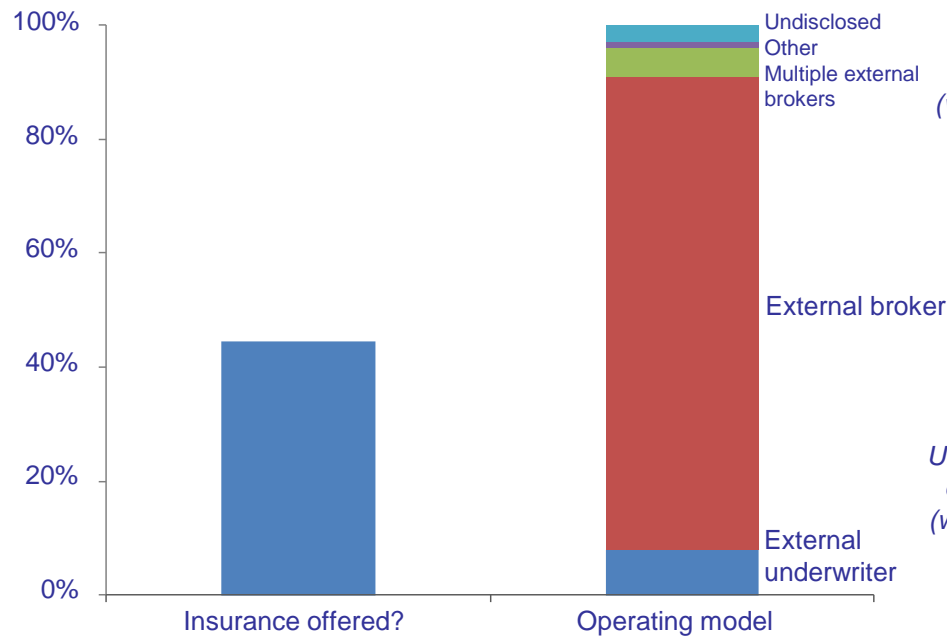


Source: Finaccord Global Professional Indemnity Insurance Model

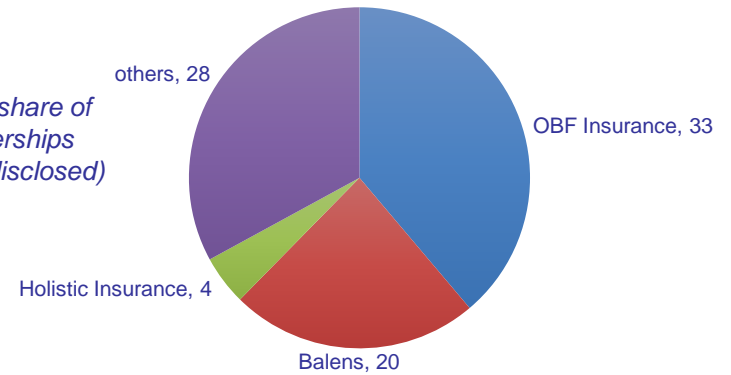
## Sample analysis from the series (3)

3. In Ireland, OBF Insurance runs the most affinity schemes for professional indemnity cover among brokers while Hiscox is the most commonly used underwriter

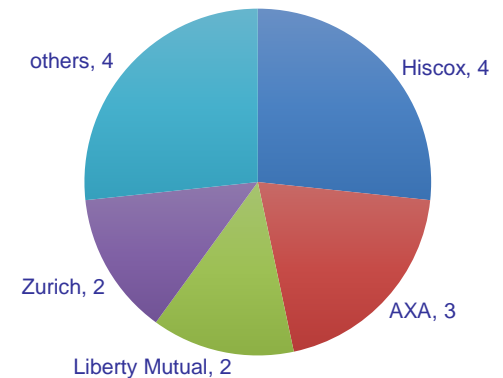
Provision rate and operating models



Broker share of partnerships (where disclosed)



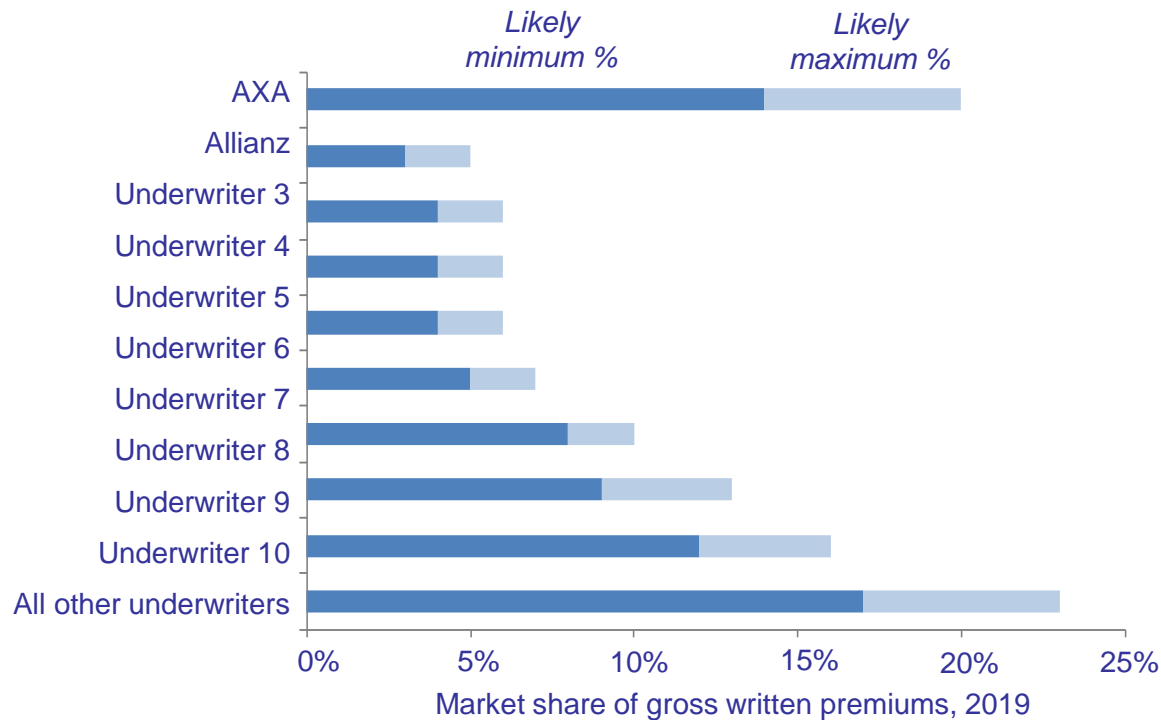
Underwriter share of partnerships (where disclosed)



Source: Finaccord PartnerBASE™ for Global Professional Indemnity Insurance

## Sample analysis from the series (4)

4. In France, AXA is the probable market leader with a share of premiums estimated at between 17% and 23% while underwriters outside of the top ten are likely to be limited to between 14% and 20% of the total



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

Source: Finaccord estimates