

**CLAIMS MADE COVERS  
PROFESSIONAL INDEMNITY INSURANCE**

## What is a circumstance?

A ‘circumstance’ is a fact, situation or circumstance that the Insured knows about and which the Insured ought to reasonably realise may give rise to a claim in the future.

## How to recognise a circumstance?

Circumstances can at times be obscure, so we have split them into two categories: obvious and less obvious types.

Whilst this list is extensive, it is NOT intended to be a comprehensive listing of all possible types of circumstances. It is generally a matter for the courts to interpret whether a fact, situation or circumstance is a ‘fact which might give rise to a claim’ or not.

***The following examples should only be used as a guide.***

<b>OBVIOUS TYPES</b>	<b>LESS OBVIOUS TYPES</b>
<ul style="list-style-type: none"> <li>● Letter of demand from client/client’s solicitor foreshadowing potential litigation.</li> </ul>	<ul style="list-style-type: none"> <li>● Client makes a negative comment in passing about the adequacy of the professional services provided.</li> </ul>
<ul style="list-style-type: none"> <li>● Telephone call from client or client’s solicitor alleging failure of professional services.</li> </ul>	<ul style="list-style-type: none"> <li>● Insured hears, via another source, about a client’s strong dissatisfaction with service.</li> </ul>
<ul style="list-style-type: none"> <li>● Abusive/angry customer demanding return of paid fees.</li> </ul>	<ul style="list-style-type: none"> <li>● A client’s continued failure to pay the Insured’s account arouses suspicions of their dissatisfaction of the service provided by the Insured.</li> </ul>
<ul style="list-style-type: none"> <li>● Persistent complaints, either in writing or verbally, over a period of time about the standard/quality of the professional service provided.</li> </ul>	<ul style="list-style-type: none"> <li>● Newspaper / TV / Radio reports a claim against an Insured’s client for work completed by the Insured – potential for a cross claim against the Insured.</li> </ul>
<ul style="list-style-type: none"> <li>● Major problem/mishap occurs with a job and Insured can foresee potential financial loss for their client ie a bridge designed by Insured collapses – possible design problem.</li> </ul>	<ul style="list-style-type: none"> <li>● Insured discovers that the professional advice was incorrect and can foresee client suffering an economic loss.</li> </ul>