



Insurance Explained

**Frequently Asked Questions about
Professional Insurance for
Psychotherapists and Counsellors**

What are the different types of Insurance?

There are several different types of professional insurance for psychotherapists and counsellors. Some of these (such as professional indemnity or malpractice) are obligatory under UKCP rules and/or those of member organisations: other types of professional insurance are optional.

Please read through the following explanations carefully before considering any particular insurance policy. Many insurance companies or brokers 'bundle' various types together; some let you choose individual components to suit your exact needs.

What is 'Professional Indemnity' or 'Malpractice' Insurance?

This type of insurance covers you, as a professional, against claims of professional breach of duty, negligence, omission or malpractice in providing therapy, treatment or advice in the course of your normal duties. Normal duties as a psychotherapist or counsellor usually involve giving therapy, professional advice and other duties, giving or receiving supervision, teaching, running workshops, lecturing, or presenting at seminars or conferences, in the UK and often temporarily abroad.

This insurance usually covers the legal costs and expenses incurred in defending claims as well as any civil damages awarded against you. You may also be covered for loss of earnings if you are suspended or prevented from working as a result of an allegation until a hearing, however you would not be covered for any loss of earnings after a disciplinary hearing or a successful claim. This is probably the only policy you may be *required* to have in professional practice.

What is 'Civil Liability'?

Traditionally professional indemnity insurance policies were written on a negligence basis i.e. negligence on your part had to be proved for a claim to be successful. A more modern and preferred basis is a 'civil liability' wording, where any civil claim being made against you would be covered unless it is specifically excluded in the policy wording. This is similar, in intent, to an 'All Risks' style of property damage cover.

What is 'Public Liability'?

If a client or any third party is killed or injured or has their property damaged arising out of your professional activities – through negligence or otherwise – this policy would cover your legal liability to pay damages as well as the costs incurred in defending the action.

If you work from home, the 'public liability' section of your normal home insurance policy might **not** cover you for claims arising out of your professional activities. If you run a clinic or a business space for members of the public you may be required by the local authority (or similar) to have such insurance in place.

What is 'Products Liability'?

If a client or any third party is killed or injured or has their property damaged arising out of the use of a product supplied by you – regardless of whether you manufactured the product or not – you are legally responsible for any liability arising. (For example you might supply a client with a hypnotherapy CD; vitamin tablets and/or relaxation products, etc.) This policy would cover your legal liability to pay damages as well as the costs incurred in defending the action.

What is 'Libel and Slander' Insurance?

If you are writing articles, reviewing articles or books, speaking at conferences, running workshops or seminars, or if you have leaflets or a website, there is a risk of being sued for comments that you make (written or spoken) which someone might consider to be defamatory about them.

What other insurances can I get, or might I need?

- **Employers' Liability Insurance:** If you employ someone, even part-time, you may need Employers' Liability insurance to cover any claim by that employee against you arising directly out of that employment. This is a legal requirement and, if you are in any doubt as to whether you need this insurance or not, please contact your insurance broker / company immediately.
- **Non-payment or Requests for Refunds of Fees:** This could cover you if a client refuses to pay you, or requests a refund of fees paid to you professionally, especially if your insurer believes that, by doing so, this will avoid a future legitimate claim for a greater amount.
- **Complaint Investigation:** This is a grey area as there may not be (yet) a claim against you, yet you may have to undertake considerable time and expenditure to respond to your professional association. You can get some of the costs of this preparation work reimbursed.
- **Run-off Cover:** In the event of your ceasing to practice (retirement, sabbatical, etc.), you might need to purchase run-off cover as claims can still be made against you for up to (usually) three to six years. This covers you for such claims, even though you are not practicing now. Sometimes this is now included as a part of your professional liability / malpractice insurance.
- **Directors & Officers:** Claims can be brought personally against a director or officer of a company and / or association where it is alleged they have committed a wrongful act in their capacity as a director or officer. For example, the Health & Safety Executive may target a director personally where they feel that person has been negligent and breached health and safety law. This policy could cover the legal costs of defending the claim and any awards made against the individual's personal wealth.
- **Charity Trustees' Liability:** This policy has the same intention as Directors and Officers Liability – covering the trustees' personal liability arising out of their actions as a trustee.
- **Release of Confidential information:** If a court, tribunal or any third party asks you to release, or disclose notes of a confidential nature, the insurer can reimburse you for any additional costs and expenses incurred in doing this and / or help you to resist the request in certain circumstances. Sometimes the court, or the prosecutor or defence will pay these costs as well.
- **Fidelity:** If you experience any direct loss from the dishonesty of an employee, where there is a clear intention to cause you damage or obtain personal financial gain over you, the insurer will pay up to a certain amount. This may also be covered in a normal business policy.
- **Loss of Documents:** The cost of replacing lost documents or documents that you are responsible for in the absence of any other liability.
- **Public Relations:** Sometimes the insurer will pay up to a certain amount in such a case where the use of a public relations expert could minimise or reduce the risk of a claim.

What are the usual exceptions for insurance claims?

Prior Knowledge: where you knew, or ought to have known, about significant details prior to the commencement of the policy. This could include a potential claim (made threatened or intimated) prior to the inception of the policy.

Liability to Employees: this should be covered by an Employers' Liability insurance.

Deliberate Acts: if you did something deliberately (injury, loss or damage), spitefully or something criminally liable, which resulted in a claim.

Controlling Interests: any claim arising from or brought by an organisation in which you have a significant or controlling interest.

Various specifically excluded legal liabilities: read the small print carefully.

Various 'significant exclusions or limitations': e.g. terrorism, things in unattended vehicles, etc. – read the small print carefully.

Where can I get further help and information?

There are several sources of written information that all give generic advice about good professional practice:

- *Setting Up and Maintaining an Effective Private Practice: A Practical Workbook for Mental Health Practitioners*. Philippa Weitz, (2006) London, Karnac Books.
- Booklets and factsheets from insurers, e.g. Howdens' *Top Tips for Psychological Therapists in Private Practice*.
- Information sheets from Berrymans Lace Mawer (solicitors).
- Insurance companies are increasingly offering a 24-hour helpline offering a wide range of advice. This is sometimes separate from the actual insurance company, and is usually manned by paralegals with access to solicitors, barristers or legal executives and often access to multilingual facilities as well.
- Your member organisation or professional association should have an Ethics Committee, which often offers help or advice in the initial stages of any complaint, your member organisation should support you, as a member, in times of difficulties.
- Complaints against you may increasingly be managed by an external organisation (like an Independent Complaints Organisation) or a Regulatory Body, leaving your member organisation or professional association more able to support you.

Insurance Charges

- The insurance premium must (by law) be clearly identified, and has a 5% tax on it, also clearly identified. This premium goes to the 'main insurer' (e.g. Sun Alliance, DAS, etc.) and the 'broker' (e.g. Towergate, Howdens, Psychologists Protection Society or Shephards) deducts or receives a commission from them. However the brokers are now doing much more work in terms of contact with the insured (you) and they may say that this commission is not enough.
- Insurance brokers are therefore increasingly putting in various 'add-on' charges (though not called this). You may see extra lines on your invoice or policy document e.g.:
 - Legal Expenses (£4-5), Administration Charge (£15-25), usually applied to everyone.
 - Additional charges such as 'Amendments to cover other than at renewal' (£5); 'Issue of Duplicate Certificates' (£5); 'Debit or Credit Card Transactions' (£2); 'Surcharge if your cheque bounces' (£25); etc. (not applying to everyone)
 - Optional extras e.g.: increased amounts of malpractice insurance of £2m or £5m, (instead of the basic £1m); or increased premiums to cover computers, electronic equipment or laptops, etc.
- The implication, therefore, is that these additional items are not in your basic insurance cover, so please read very carefully what your insurance policy does cover.
- As mentioned above, some insurance brokers are making 'bundles' of different types of insurance policies. Some of these may be useful, some may not be relevant to you, but if these extras are all in a packaged 'bundle' you are still paying for them. Again, please make sure that you read carefully exactly what it is you are getting for your money.
- Please also consider ringing your insurer and talking to them about what your insurance requirements are, and exactly what your cover provides.

Please note: UKCP does **not** give advice to member organisations, registrants or members of the public about any particular insurance or insurance provider, as this is an FSA regulated function.

Information collated by Courtenay Young, UKCP Vice-Chair, Registrant Services, in consultation with various insurance companies.