

Recruitment Industry Insurance

Guidance Note – Professional Indemnity insurance

This guidance note is provided to assist you understand your insurance policy in order to reduce uncertainty and give you the information upon which you can make an informed decision when considering your risks and insurance protection.

Further information is available at www.oamps.com.au/amranz or you can contact one of our insurance brokers who specialise in recruitment consultants on 03 9412 1212.

Why do I need it?

To give you financial protection against unfounded allegations, as well as an actual, breach of professional duty to your clients. The allegation of a breach can be made not just against you or your immediate employees but is often made against your on hired employees or contractors. Even if you feel you have done everything correctly and professionally your client can still sue you if they disagree, and your insurance policy should pay for your defence costs whether you are right or wrong.

What are the key covers to look for?

- Cover for claims against you which are related to the actions of your placed general practitioners
- Cover for all your activities including training and induction, payroll management and any other activities you may undertake.
- Cover for permanent placements, as well as independent contractors.
- Cover for bodily injury and property damage as often this is excluded in order to reduce the premium.

What are the common pitfalls?

Many policies will totally exclude claims arising from Medical Malpractice, this is the highest area of exposure for a medical recruiter and an exclusion of this type will significantly reduce the protection you have.

What is a typical claims example?

Example 1 – you place a general practitioner with a hospital, the practitioner injures a patient and the hospital sues you for breach of duty in the recruitment process
Defence Costs Covered by our policy and indemnity for compensation Covered by our policy

Example 2 – one of your consultants sends a candidate's resume to their current employer, indicating that they are seeking alternative employment, the candidate loses their job shortly afterwards and seeks recovery from you for damages – Covered by our policy