



Managing The Cost Of Professional Indemnity Insurance (PII)

A guide to managing the cost of your PII cover, highlighting the recently released, 2023 FCA Intermediary figures and how that compares for Sense Network members.





Managing The Cost Of PII Cover

Sense Network has analysed FCA Retail Intermediary data to understand how PII premiums have increased over recent years and to compare how competitive Sense Network has remained.

Based on these figures, the average industry costs for firms with turnover between £101k and £10m are:

Revenue	2017	2018	2019	2020	2021	2022	2023
£101k to £500k	1.90%	2.20%	2.80%	3.10%	3.40%	3.20%	3.30%
£501k to £10m	2.70%	2.90%	3.30%	3.20%	3.20%	3.50%	3.20%

Excluding AR firms paying the £2,300 annual minimum, Sense firms' premiums compare favourably against the industry average. Currently, contributions across the Network stand at an **average of 1.54%**, for compliant PII.

Why are we paying less?

Part of the increase in PII costs can be attributed to firms dealing in high-risk advice areas, such as Equity Release.

To avoid your PII costs rising exponentially, it benefits to be in partnership with a network that operates robust checks and compliance controls that make sure that the advice given is compliant.

Sense spent time working with our brokers to provide a bespoke arrangement which offers individual underwriting for each Sense firm, but with the costings of an umbrella policy. Our approach ensures that an individual firm's risk will determine its PII cost and that there is no unfair cross subsidisation across the network.

We believe that this creates a stable and sustainable PII structure.

What are the benefits of the Sense PII block policy arrangement?

The flexibility of the block policy arrangement has the following benefits:

Reduced overall costs: From an historic average of circa 2% – 2.95% of turnover to an overall network average (of firms with between 101,000 – 10m turnover) of 1.73%. This is still subject to individual underwriting at firm level so each ARs contribution will be calibrated by product spread and claims records to avoid unfair cross subsidisation

Compliant excesses: As all firms will still benefit from the same £2.5k/£5k levels as their current policy has, which is again an area where we have seen upward pressure on in the market.

Change to minimum premium: Our minimum charges are now set an annual cost of £2,100. It is worth noting that the minimum premium for directly authorised firms is circa £3,200.



BareRock 'Club 20' Membership

Sense Network is proud to be a 'Club 20' member in BareRock's innovative Professional Indemnity Insurance (PII) proposition, qualifying us for the highest premium discount available. This membership recognises our commitment to excellence in advice and risk mitigation practices.

BareRock's groundbreaking PII model focuses on rewarding firms for client-centric processes, moving beyond traditional product-focused assessments. Their technology-driven approach, supported by seasoned professionals, provides smarter, more supportive PII for top financial advisers.

Our partnership with BareRock, facilitated by our historical relationship with IFAPROSURE and co-founder John Netting's understanding of our business, offers a bespoke arrangement unavailable from other insurers.

This collaboration includes enhanced service levels and a reduced fee agreement, contributing to the market-leading rates our network enjoys.

We're confident this partnership will benefit all Sense Network firms, providing excellent support and value in our PII arrangements.

Want to hear more?

Sense Network members benefit from a suite of support services and product discounts. If you would like to hear more get in touch with us via the contact details below:

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