



Liability Claims

T A K E A W A Y S

April, 2026

Welcome to the 63rd edition of 'Liability Claims Takeaways' - our monthly insights from industry stalwarts.

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1 Professional Indemnity (PI) Insurance

Event Chronology

A doctor who was working as a part-time consultant at a hospital performed surgery on a patient. Following the operation, the patient experienced persistent discomfort and pain, which eventually worsened and required the patient to undergo corrective surgery at another hospital. The patient and their family sent a complaint letter to the hospital requesting an investigation against the doctor. They subsequently issued a legal notice to the hospital alleging medical negligence by the doctor and claiming compensation. The insured doctor had taken a PI policy, and the claim was notified under the same.



Key Intent of the Claim

Case Study

A PI policy for a doctor provides financial protection against claims arising from bodily injury, death, or loss caused by negligence, errors, or omissions while providing medical services. In this case, the claim arose from an error during the surgery performed by the doctor, which necessitated corrective surgery for the patient.

Scope of the Policy

The PI policy covers claims for bodily injury or loss due to professional negligence, including defence costs and compensation or settlement payments.

Prudent: The Part Well Played

We provided the insurer with a clear legal and financial assessment of the claim, outlining the risks, potential costs, and benefits of contesting the case versus settling out of court. By demonstrating that an out-of-court settlement was the most cost-effective and policy-compliant solution, we helped the insurer make an informed and timely decision, minimising both financial and reputational exposure. At the same time, we supported the insured doctor by explaining policy coverage, guiding them through the settlement process, and ensuring their interests were fully protected. Our involvement ensured fair compensation to the patient, smooth resolution of the claim, and the safeguarding of both the insurer's and the insured's interests.

Highlight

The highlight of this claim was that, since surgical error necessitated corrective surgery, demonstrating that an out-of-court settlement was the most appropriate course of action, enabling faster resolution while minimising the financial loss.

2 Directors and Officers (D&O) Liability Insurance

Event Chronology

The insured, an energy company, had an FIR filed against its employees. The company engaged a law firm to manage the defence of the employees. The matter was notified to the insurer only on the policy expiry date of the D&O policy, at the time of discussing the policy renewal.

Key Intent of the Claim

Case Study

The D&O policy provides coverage for any wrongful act alleged against the insured person. The policy requires timely reporting of claims and obtaining the insurer's prior written consent for the appointment of defence counsel, ensuring that legal representation aligns with the policy terms and conditions.

Scope of the Policy

The D&O policy, with coverages such as emergency costs, which address immediate expenses arising from legal or regulatory matters, and advancement of defence costs, which provides priority reimbursement of legal defence expenses, is subject to the policy terms and conditions.

Prudent: The Part Well Played

Being a broker under the insured's D&O policy, we successfully managed this matter despite the last-minute and delayed intimation of the claim. Through proactive engagement with the insurer, we ensured consideration of the defence costs that were incurred prior to both the formal notification of the claim and the insurer's prior written consent for the appointment of defence counsel. By clearly presenting the facts of the case and referencing the policy terms, we obtained full recognition and assessment of all defence costs incurred by the insured, ensuring comprehensive coverage under the D&O policy.



Highlight

Strong knowledge, along with a careful review of the policy extensions, terms, and conditions, is essential in establishing coverage under the policy.

3 Commercial General Liability (CGL) Insurance

Event Chronology

The insured is an auto-component manufacturer supplying precision and critical components to their clients outside India. The insured had supplied more than 10,000 units of their product; however, it was discovered by the client that the parts had a certain manufacturing defect. In order to ensure that there is no line stoppage at the client's end, the insured engaged a third-party agency to assist with sorting and repairing the product.

Key Intent of the Claim

Case Study

The insured incurred costs for repairing and sorting of the product. This matter was notified under the CGL policy of the insured. Since there were multiple pieces supplied (including the ones in transit) before the discovery of the issue, the corrective action took more than a year. Considering the urgency attached, the insured failed to take prior consent from the insurer for the engagement of the third-party agency.

Scope of the Policy

CGL policy provides coverage to businesses against third-party claims for personal injury or property damage. The insured also had an endorsement for product guarantee, which covers repair, replacement, destruction, etc. of the product on account of the product failing to fulfil the purpose for which it was manufactured.

Prudent: The Part Well Played

Upon intimation of the claim along with the costs incurred for the third-party agency, we immediately informed the insurer and sought retrospective consent for the appointment. Further, the surveyor had considered a single currency rate based on the date of loss for all the invoices of the third-party agency. However, we were able to highlight the relevant policy condition, which provided that the currency exchange rate shall be determined based on the date on which the cost/expenses were incurred.



Highlight

Knowledge of the policy wordings and applicability of the same in respect of the business in which the insured is involved is crucial for a smooth claims journey.

We are sure you found the anecdotes interesting and got some key points to take away.

Stay tuned for the next edition!

About Prudent Insurance Brokers

We, at Prudent Insurance Brokers, provide industry-leading expertise in designing and managing insurance programs to address unique requirements of your organisation. We have a client-centric service infrastructure that delivers proactively & passionately in a highly systematic manner. Our Liability Team consists of members with underwriting experience and the largest number of lawyers who can assist you across different areas:

- Identifying and addressing gaps in your current insurance programs
- Arranging the most cost-effective cover from Indian and international markets
- Ensuring contract compliance for your insurable indemnities
- Offering 360° claims management by one of the largest claims teams across any broker in India
- Providing global solutions through the strongest international alliances



Our Claim-handling Expertise

Our team members come from varied areas of expertise, thereby enabling us to ensure that our clients are assisted thoroughly, through every step of the claims-handling process. We take pride in our professional competency and diligence, and our team is always willing to walk the extra mile in client service.

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