

Liability Claims

TAKEAWAYS

December, 2025

Welcome to the 59th edition of
'Liability Claims Takeaways' -
our monthly insights from
industry stalwarts.

CONTENT:

Special Focus on
Professional Indemnity
(PI) Policy

Professional Indemnity (PI) Policy - 1

Event Chronology

An image presumed to be open source was used in published content, leading to a copyright notice from a foreign claimant. As the insured explored the issue with their legal counsel, it became clear that this could amount to unintentional infringement. The challenge intensified when the insurer questioned whether the proposed payment was a covered settlement or an excluded license fee - a classification that would decide the fate of the claim.



Key Intent of the Claim

Case Study

To show how coverage can hinge entirely on correct framing and how misclassification risks can turn a valid IP claim into an exclusion unless advocated strongly.

Scope of the Policy

Media PI covers unintentional IP infringement, defence costs, and settlements for covered wrongful acts. License fees are excluded. Some policies also contain subjectivities that make securing necessary licenses for their published media a condition precedent for coverage.

Prudent: The Part Well Played

The incident was notified promptly, positioned from day one correctly as an unintentional copyright infringement claim to secure a clean policy response. A precise coverage strategy that positioned the matter within the policy, strengthening admissibility and insurer alignment was designed. We often use our experience to successfully demonstrate that the payment made to the claimant was a settlement covered under the policy and not a license fee or licensing obligation, avoiding the key exclusion risk. All documents were reviewed carefully and insurer consents were obtained seamlessly, preventing any dispute on process, defence strategy, or admissibility. It delivered a complete, friction-free recovery of both settlement and defence costs to the insured.

Highlight

Prudent transformed a potentially disputed, cross-border IP claim into a fully indemnified outcome through precise, lawyer-led advocacy.

Professional Indemnity (PI) Policy - 2

Event Chronology

A movie trailer released by the insured triggered various notices of defamation, and a court attempt to block the film's release. Multiple legal proceedings - civil and criminal - began simultaneously, creating urgent commercial and legal pressure. The challenge was managing multiple lawyers, multiple forums, and a high-stakes timeline, while ensuring insurer consent and alignment to secure coverage.

Key Intent of the Claim

Case Study

To demonstrate how complex, multi-forum defamation exposures can be controlled through structured advocacy and insurer partnership.



Scope of the Policy

Media PI policy can be extended to cover inter alia criminal proceedings related to final adjudication. The policy covers defamation (both civil and criminal), disparagement, personal injury offences, and full defence costs - including affirmative relief essential to the defence strategy and consented by the insurer. All admissible costs were reimbursed.

Prudent: The Part Well Played

The claim was notified immediately and insurer approval was secured for various appointed legal counsels and a defence strategy for the multiple legal proceedings. It successfully linked the affirmative quashing/stay proceedings as essential to the defence strategy of the claim and secured consent for the same from the insurer, protecting the film's release timeline and commercial interests. The insurer was fully aligned on every procedural step, ensuring continuous support to the insured and zero coverage friction from the insurer. Right from anticipating insurer concerns to addressing them proactively through clear, comprehensive documentation, all necessary steps were followed including demonstrating why multiple counsels were necessary and validated all legal fees as reasonable and industry standard.

Highlight

A potential release-halting dispute was managed seamlessly, resulting in maximum defence cost recovery and uninterrupted film distribution.

Professional Indemnity (PI) Policy - 3

Event Chronology

A published political remark by an insured running a news/broadcast agency triggered a defamation/innuendo communication from the individual referenced and the threat of legal action. The insured chose an apology-based mitigation strategy supported by crisis communication specialists and lawyers. The challenge: These were pre-emptive costs, requiring insurer consent and precise policy positioning to qualify under mitigation coverage - a section often heavily scrutinised.



Key Intent of the Claim Case

Study

To highlight how smart mitigation prevents escalation and aggravation of loss and how advocacy unlocks a coverage section most insurers resist unless positioned accurately.

Scope of the Policy

Mitigation costs coverage under the Professional Indemnity policy covers the reasonable and necessary expenses that an insured incurs to quickly rectify an error and prevent it from escalating into a full-blown claim. These costs allow you to take immediate corrective action before any third-party demand arises, subject to insurer consent and policy limits. The insurer admitted the legal expenses and crisis communication expenses under the mitigation coverage and reimbursed the claim fully to the insured, subject to policy deductible.

Highlight

A potential legal and reputational flashpoint was defused early, with every admissible rupee recovered — showcasing the power of Prudent's proactive claims strategy.

Prudent: The Part Well Played

Prudent notified the matter promptly, preserving the insured's rights under the policy. Prudent also positioned the matter as a potential defamation (covered wrongful act) exposure to enable swift insurer alignment. Prudent strategically demonstrated that the apology and crisis communication actions were necessary steps to prevent larger liability. It demonstrated the need and secured timely approvals for crisis communication specialists and lawyers that insured intended to be appointed, ensuring all costs remained within the policy scope. Prudent helped the insured build a clear justification under each head/narrative of the work done by the legal and communication specialists, demonstrating how each action was necessary to mitigate the risk. It helped by educating the insured that they could go for mitigation rather than waiting for the matter to escalate into a full-blown claim.

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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