PRUDENT
THE FUTURE OF INSURANCE



Liability Claims

TAKEAWAYS

October, 2026

Welcome to the **69th edition** of '**Liability Claims Takeaways**' - our monthly insights from industry stalwarts.

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1 Crime Policy

Event Chronology

A travel agency company suffered a loss due to fraudulent and unauthorised transactions carried out by an employee, in collusion with a third party, by misusing the company's credit cards. An FIR was lodged against the employee and other parties, and the claim was notified under the insured's Crime policy.



Key Intent of the Claim Case Study

Demonstrate how a structured approach to evidence gathering, transaction mapping, and loss quantification can significantly influence the assessment process and assist in achieving a fair and accurate claim outcome.

Scope of the Policy

The crime policy provides cover for direct financial loss sustained by the insured as a result of fraudulent or dishonest acts committed by an employee, whether acting alone or in collusion with others. The policy was designed to protect the insured against losses arising from employee theft, embezzlement, misappropriation of funds, forgery, and other forms of financial crime impacting the organisation.

Highlight

While the existence of an insured event may not be disputed, the successful recovery of a loss under a Crime Policy often depends on the insured's ability to accurately quantify the loss and establish a direct nexus between the fraudulent acts and the financial impact suffered.

Prudent: The Part Well Played

A key challenge encountered during the claim assessment process was the discrepancy between the loss amount, identified through the insured's internal investigation, and the amount independently assessed by the surveyor. Following a detailed review of the issues raised, Prudent undertook a transaction-by-transaction analysis to identify and substantiate the disputed amounts through a comprehensive representation. The disputed transactions were supplemented by findings from an independent auditor's report, which corroborated the extent of the unauthorised transactions and the methodology used to quantify the loss. Additionally, the police charge sheet, that specifically identified the fraudulent transactions and linked them to the employee and the third-party accomplice, was presented along with detailed credit card statements. By aligning the financial records, audit findings, and criminal investigation records into a cohesive and well-documented claim presentation, Prudent was able to clearly establish the full extent of the insured loss.

2 Directors & Officers Insurance

Event Chronology

The directors of a pharmaceutical manufacturing company received a legal notice from a vendor alleging non-payment of outstanding fees on the day of expiry of the Directors & Officers (D&O) policy. The D&O policy was renewed on a "no known claims or circumstances" basis. Subsequently, the vendor initiated legal proceedings against the directors, and the matter was notified to insurers under the renewed D&O Policy. The insurer contended that the failure to disclose the matter amounted to a material non-disclosure and misrepresentation, thereby precluding coverage under the renewed policy.



Key Intent of the Claim Case Study

Highlight the significance of "Continuity of Cover" provisions in a Directors & Officers Insurance (D&O Policy) and demonstrate how these clauses can operate to protect the insured where a claim or circumstance emerges close to a policy renewal date.

Scope of the Policy

A D&O policy is intended to protect directors, officers, Key Managerial Personnel (KMPs), and other insured persons against claims alleging wrongful acts committed in their managerial capacity. Coverage is generally extended for legal liability arising from any actual or alleged act, error, omission, misstatement, misleading statement, neglect, breach of duty, breach of trust, breach of warranty of authority, defamation, or other wrongful conduct committed by the insured in the discharge of their corporate responsibilities.

Highlight

Prudent demonstrated that the 'Continuity of Cover' extension was designed to cover claims or circumstances reported under a renewed policy, which may otherwise have been notifiable under an earlier policy period. This enabled the insured to get substantial cover for the defence costs and avoid a significant uninsured loss.

Prudent: The Part Well Played

Prudent undertook a comprehensive review of the policy wording and identified the applicability of the ‘Continuity of Cover’ provision. A detailed representation was made to the insurer explaining that the relevant circumstances giving rise to the claim occurred after the policy's continuity date and that the insured had maintained uninterrupted D&O coverage with the same insurer. Prudent further demonstrated that the purpose of the ‘Continuity of Cover’ extension was precisely to address situations where a claim or circumstance, which may otherwise have been notifiable under an earlier policy period, is subsequently presented under a renewed policy. As a result, Prudent was able to obtain coverage for defence costs. This seems a bit repetitive with respect to the last line in the Highlight. We can end the sentence at defence costs.



3 Medical Professional Indemnity Policy

Event Chronology

A leading medical institution was insured under a Medical Professional Indemnity (PI) policy, and a claim arose following an inadvertent error during the logging and processing of patient data. The patient initiated legal proceedings against the medical professionals which required them to appear as witnesses and the claim was notified under the PI policy.



Key Intent of the Claim Case Study

Demonstrate the practical value of ancillary covers like "Court Attendance Fees", particularly in the healthcare industry where litigation is increasingly common. It also serves as a strong example of how technical policy expertise, strategic engagement with insurers, and a detailed understanding of policy extensions can contribute significantly to a successful claim outcome for healthcare organisations.

Scope of the Policy

A Medical Professional Indemnity (PI) policy is designed to protect medical institutions, healthcare professionals, and other associated employees against claims alleging professional negligence, errors, omissions, or breach of professional duty in the delivery of healthcare services.

Prudent: The Part Well Played

The 'Court Attendance Fee' extension is intended to compensate insured organisations for the time spent by key personnel in supporting the defence of a claim, recognising the operational disruption and professional commitment involved in attending legal proceedings. As several doctors and employees were required to attend court proceedings and provide witness testimony, Prudent identified and pursued recovery under the 'Court Attendance Fees' extension. Through detailed submissions and coordination with the insurer, Prudent successfully secured reimbursement of these costs, ensuring that the time spent by the medical professionals in attending hearings was appropriately recognised under the policy. The matter illustrates the importance of not only securing indemnity for the primary claim exposure such as defence costs, but also proactively identifying and pursuing all available policy benefits to maximise recovery under a Medical Professional Indemnity (PI) policy.

Highlight

The case serves as an important reminder that policy extensions, often viewed as ancillary benefits, can deliver substantial value when effectively utilised.

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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Certificate of Registration IRDAI No. 291 & IFSCA No. 017 (Validity: 18th February 2026 to 17th February 2029)

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