

# Guideline

## Professional Indemnity Insurance (PII)

*This guideline has been prepared by the ARBV pursuant to regulation 7 of the Architects Regulations 2015. Guidelines provide architects guidance on professional conduct and practice. If the ARBV reasonably believes an architect has not complied with the guidelines, it may give written advice to an architect about compliance, pursuant to regulation 8 of the Regulations. Guidelines also help consumers understand what the ARBV expects of architects. Guidelines are reviewed regularly.*

Professional Indemnity Insurance (PII) covers an architect against any claim made during the period of insurance for alleged negligence or breach of duty arising from an act, error or omission relating to an architect's professional services.

Practising architects in Victoria must be covered by PII that meets specified requirements.

### Framework

Section 15A of the *Architects Act 1991* (the Act) provides that by 1 July each year, architects registered in the practising class must provide written proof to the ARBV that they will be covered by the required insurance

- until 30 June of the following year; or
- subject to such conditions as the ARBV may impose, any lesser period approved by the ARBV.

The [Architects Insurance Ministerial Order](#) made pursuant to section 17A of the Act set out the PII required for architects registered in the practising class. An architect is covered by the required insurance if they are the named policy holder of the insurance or they are specified or referred to in the insurance, whether by name or otherwise, as a person to whom the insurance cover extends.

Where the named policy holder is an approved company or partnership, the policy must extend to all directors, principals, partners or employees of the approved company or partnership.

### Insurance requirements

To learn more about the PII cover required, refer to the [Architects Insurance Ministerial Order](#).

Individuals based overseas or interstate who are providing architectural services on projects in Victoria, must be registered as an architect in the practising class (if they are using the title of architect or working for an approved company or an approved partnership) and therefore hold the required PII to cover those projects.

All practising architects in Victoria must maintain a minimum level of PII cover that is appropriate to the value and type of architectural services they provide. Architects should seek advice from their preferred insurance provider or broker about their level of PII cover.

### **What needs to be provided to the ARBV?**

A current PII Certificate of Currency must be provided to the ARBV:

- as part of the application for registration
- at renewal
- when the PII policy is amended, or
- a different PII policy is relied upon e.g., due to a change in employment circumstances.

If an architect is engaged by an approved company or approved partnership, they will need to provide the ARBV with a copy of the company or partnership's PII Certificate of Currency. If they work for multiple approved companies or approved partnerships, they must provide the ARBV with a PII Certificate of Currency relating to each organisation.

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There is a streamlined process for architects and their employer/s to provide information via the ARBV portal if the employer is an approved company or partnership. This process allows architects to nominate an approved company or partnership and the architect is not required to submit a Certificate of Currency separately to their employer.

When providing a PII Certificate of Currency to the ARBV it must contain the following:

- the name of the person/company/partnership the insurance was issued to (In some instances, the cover may state multiple entities for which the policy is issued, including company names, business names, and directors' individual names.)
- the policy number
- the name of the insurance provider
- the type of insurance provided (including any exclusions under the policy)
- the minimum limit of liability (per claim and in aggregate)
- policy start and end dates
- the professional services covered (e.g. architectural services)
- policy coverage should include Australia (or at least the state of Victoria).

The insurance should indemnify the architect in respect of carrying out services as an architect. It is distinct from public liability insurance or building works insurance.

### ***What happens if an architect is not covered by the required insurance?***

If an architect is not covered by the required PII when applying for registration with the ARBV, their application for registration will be refused.

If an architect is registered in the practising class and the ARBV learns that they are no longer covered by the required insurance, the ARBV may suspend their registration.

The effects of suspension include:

- the individual is unable to work as an architect under their registration for the duration of the suspension.
- If they are either the sole director/partner or the only director/partner who is registered as an architect in the practising class of a company or partnership approved by the ARBV, the company/partnership's approval may also be suspended.

### **ARBV Guidance**

It is recommended that architects who are considering retirement or moving away from providing architectural services (i.e. moving to the non-practising class) should consider run-off cover to indemnify them after they have ceased working as a practising architect, for any claims arising in relation to work carried out whilst they were still in practice. Architects should speak to their preferred insurance provider about appropriate run off insurance.

PII cover protects architects from claims made by persons to whom they are providing their services, but also a wider range of affected persons, such as adjacent property owners. It also applies to their broader conduct as an architect. Architectural services carried out for family, friends, neighbours or for their own benefit is **not excluded** from PII coverage.

When providing details to an insurer, it is important that the names of the policy holder and any other named parties are correct. This is the information about who is to be covered by the policy. Consideration should be given to whether employees (including contractors and consultants) will be covered by the policy. Consideration should also be given to subsidiary companies for which coverage is required, as all company names must be listed, if relevant.

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It is the responsibility of the architect director/s or partner/s to ensure the approved company or approved partnership has appropriate PII cover. However, it is good practice as an employee to confirm the company or partnership they work for holds current approval and has appropriate PII cover.

The ARBV also recommends that architects provide their clients with details of their PII coverage when commencing projects.



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This guideline is issued by ARBV under regulation 7 of the Architects Regulations 2015 for the purpose of providing general guidance as to the operation of the Architects Act 1991 and the Regulations. The guideline should be considered in the context of the reader's individual circumstances. It is the reader's responsibility to obtain independent advice where necessary in respect of their individual circumstances and the application of legislation, guidelines and other instruments. To the extent permitted by applicable laws, the ARBV, its employees, agents and consultants exclude any and all liability for any direct, indirect, incidental, special or consequential loss or damage a person may suffer arising out of or in connection with the access and use of the ARBV's resources (including any third-party material included in these resources).