

Developing a Professional Liability Insurance offer

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Foreword

The pharmacy landscape in the UK is changing rapidly and the expectations placed upon pharmacists are having profound repercussions. For professionals, and in terms of delivering patient care, most notably this includes prescribing, which will soon become the norm for all newly registered pharmacists. Such developments represent a significant opportunity for pharmacists and other pharmacy professionals to develop their practice and play a greater role in providing high-quality patient care.

However, with a broadened scope of practice comes additional responsibility for professionals – which can carry greater risk.

Balancing expanding responsibility and risk

At RPS we work to ensure all pharmacists in all settings have the confidence to practice at their best. Our role as a professional leadership body includes supporting pharmacists to help ensure patient safety and the provision of high-quality care. As a membership organisation, we work to ensure pharmacy professionals have the means to thrive in their practice.

This support takes different forms. We provide training and professional development to build skills and help professionals extend their practice; we develop professional standards and guidance to support work in new areas of practice; and we are developing a rigorous credentialing programme to assure the quality of practice at all levels.

It is vital that, alongside these services, pharmacists are also personally secure in their practice. Pharmacy professionals cannot be expected to expand the scope of their work without ensuring they are confident to practice, and without fear of financial peril if things go wrong.

Responding to members' concerns

Against this backdrop, and in response to a consistent flow of members' enquiries, we began to consider the available provision of professional liability insurance for pharmacists through a survey of RPS members in early 2022.

The first part of this report presents findings from that work. This evidence compellingly shows that many pharmacists do not feel their needs are being met. In a changing context for pharmacists, insurance cover needs to be flexible, affordable and easy to understand. It must work for the increasingly complex needs of pharmacists' careers – including advanced practice and portfolio working.

Pharmacists' risk in focus

We worked with Aon, one of the world's leading insurance brokers¹ to explore the risks, issues and options involved in a bespoke indemnity product for pharmacists, and particularly our members as part of RPS's membership offer. Aon assessed the current market provision and worked with a specialist healthcare underwriter to develop an alternative offer specifically designed to meet the requirements defined by pharmacy practice and our members' needs.

Aon's findings, and an outline of the alternative proposal they arranged, are detailed in the second part of this report.

Future-proofing professional risk

Pharmacists are increasingly required to perform more complex, advanced and varied work, and our role at RPS is to champion pharmacists and support them to do this. We believe that professional liability insurance should support clinical development and progression, rather than limit what a pharmacist feels able, confident and safe to do.

This report explains the development of a new professional liability insurance offer, which we believe will improve support for pharmacists and better underpin pharmacy practice.



PAUL BENNETT,
FRPHARMS
CEO

A handwritten signature in blue ink that reads "Paul Bennett".

¹ Aon is ranked 2nd insurance broker globally based on 2023 total revenue by Best's Review 2024.

Introduction

The professional liability risk to members

Pharmacists are in a position of great responsibility which carries a variety of risks. Where patients are harmed by an error, they can bring claims against those they believe to be responsible under tort law in the UK. For this reason, it is necessary for pharmacists to hold appropriate indemnity cover to practise, and this is mandated by the General Pharmaceutical Council (GPhC) as a regulatory requirement. In terms of the level of insurance required, the GPhC advise:

"You must make sure that the indemnity arrangement you have in place provides appropriate cover. This means that the cover needs to be appropriate to the nature and extent of the risks involved in your practice so that enough compensation will be paid if a successful claim is made against you. What is appropriate cover for you may depend on a combination of factors, including for example:

- *The practice area or areas you work in*
- *The services you provide to patients and the public*
- *The risks involved with your practice.*

*What might be appropriate cover for one applicant or registrant may be inappropriate for another. You need to make sure that you consider the risks which may arise from your practice and make sure that you have an indemnity arrangement in place which provides cover which is appropriate to those risks."*²

This statement does not provide in-depth detail about the specific insurance that individual pharmacists require.

Most employed pharmacists are afforded protection against claims by the National Health Service (NHS) or their employer's liability insurance; however, indemnity products should not just

protect pharmacists for claims damages and legal costs. Ideally, they should also offer support to pharmacists when they are called to appear in front of their regulatory body to answer questions around professional conduct. In 2023/24, 68 Fitness to Practise hearings involving pharmacists were concluded (source: [Annual Fitness to Practice report, 2023/2024](#)) and, whilst legal costs for hearings vary due to complexity, for a case that does not result in a sanction it is estimated legal fees could run to around £25-£30,000. Whilst most employed pharmacists may be protected against direct claims, insurance for these hearings is not typically provided by the NHS or employer's liability insurance. It is worth noting the same applies for doctors and nurses.

In addition to coverage against professional claims, self-employed pharmacists (e.g. locums) need to ensure that they have additional insurance in place to cover their activities since they cannot rely on an employer's insurance against more general claims (e.g. public liability, data liability, etc.).

The Royal Pharmaceutical Society (RPS) believes it is critical that pharmacists understand the risks they face and are empowered to make informed decisions regarding the type of liability insurance they hold and how they protect themselves personally and professionally.

Background: RPS research

Following many years of queries about insurance from members, and concerns held by the Society that their members' understanding of indemnity was limited, a decision was made that the RPS should have a position on this subject. It was felt the issue was becoming increasingly important with the pharmacist role expanding, and growing numbers of pharmacists becoming prescribers under the the UK's workforce plans.

In 2022, the RPS undertook a membership survey on indemnity insurance, aiming to understand:

- Which members are most likely to buy personal indemnity insurance; and which insurance policy/providers they use and why
- What pharmacists look for in an indemnity insurance policy/provider (key factors, criteria)
- The experiences members were having with providers of indemnity insurance for individuals

² <https://www.pharmacyregulation.org/pharmacists/registering-pharmacist/indemnity-requirements>

- The appetite for the Royal Pharmaceutical Society to offer indemnity insurance to individuals.

The research was both qualitative and quantitative.

The qualitative research was conducted as in-depth interviews with 24 individual RPS members from across different sectors of practise.

The quantitative research was conducted via an online survey which was answered by 1,116 RPS members from across different sectors of practise – this volume of responses provides a Confidence interval (95%) of 2.8 (i.e. results may vary by up to +/- 2.8%).

The qualitative research was conducted online, with a sample of members. The topic was not revealed when recruiting participants, to minimise bias. The summary of the results is as follows:

- A significant proportion of pharmacists buy their own personal indemnity insurance, even if their employer covers them through organisational insurance arrangements
- There is no perceived reason to change: pharmacists are "happy" with the level and cost of their cover from their current provider, however, there are few known alternative providers with a single provider dominating the market
- Pharmacists with existing personal indemnity insurance need a significant reason to switch their cover (e.g. price, or change of level/type of cover).

Quantitative research was undertaken with a wider group of members. Again, the nature of the survey was not shared to minimise bias. Key findings included:

- More than 50% of participants have been with their current provider for more than 10 years
- The last time they renewed their personal indemnity insurance, 86% renewed with their current provider without reviewing alternatives
- Participants felt there was very little difference between providers, except on price.

Specifically, 76% of members thought it is a good idea for the Royal Pharmaceutical Society to offer professional liability insurance to members. When this was examined in more detail, the following was found. Members saw the benefits being:

- RPS's intimate/specialist knowledge of pharmacists; their work and practice, the risks and pharmacists' (potential) needs in terms of indemnity insurance
- The RPS was seen as a "trusted" provider, with pharmacists' interests at its heart
- Accessible, convenient and best value insurance

Potential concerns included:

- Cost
- Whether the RPS would be impartial if there is a claim
- That the RPS is new to indemnity insurance
- How insurance would support RPS's core purpose.

Overall, the research findings concluded:

- **63% of members** have personal indemnity insurance (up to 90% for those who are self-employed)
- **Comprehensiveness of cover, and specialist knowledge of pharmacy practice** are the most important criteria in choice of insurer
- **More than 50% of members** have been with their current provider for more than 10 years, and only 20% have ever changed their insurance provider
- **76% of members** think it a good idea for the RPS to offer professional liability insurance to members
- **70% of members** are likely to consider the RPS for personal professional liability insurance.

RPS research conclusions and subsequent actions

Following examination of the market research, and in response to the needs of members, the RPS found the current indemnity market was providing some good options for pharmacists to gain cover for their practise; however, [the RPS] believed that the overall market had the following identified shortcomings:

- Lack of awareness and understanding of the different types of insurance available
- Lack of awareness and understanding of what is most appropriate for practitioners on an individual basis

The RPS therefore recognised a need to provide advisory services and recommendations to their members, citing the following reasons:

1. Appropriate cover is a regulatory requirement for practising pharmacists. Providing advice/a recommended policy is a significant action to support pharmacists in their day-to-day practice and aligns with the mission, vision, and Royal Charter of the RPS
2. Providing advised cover supports members to feel confident delivering advanced practice services
3. Adding a competitive offer to the marketplace creates better value in the indemnity market, which is beneficial for RPS members and the profession
4. There is a lack of diversity in the market for what practising pharmacists require to be safe
5. Many pharmacists currently have limited understanding of key elements of their insurance coverage, including the following areas:
 - Additional cover required for pharmacists using state-backed indemnity schemes
 - The difference between “claims-occurring” and “claims-made” policies (the two primary types of professional indemnity underwriting)

- Vicarious liability cover for employers
- Indemnity to principle cover for employees
- Extended reporting periods/run-off options for retiring members.

The RPS determined the optimal way to deliver these benefits was to partner with a preferred supplier, via a recognised specialist insurance broker with suitable credentials, sharing the above findings and inviting proposal options. Potential partners were advised that (based on the findings of the member research) the RPS would also be open to providing a bespoke insurance product to its members, if a product could deliver the following advantages to members:

1. A negotiated discount for members on their insurance policy by virtue of their membership with the RPS
2. Best possible value, and through regular consultations we can ensure that:
 - The cover is comprehensive and continues to be fit for purpose for today’s pharmacists
 - Members fully understand any change within the market/ offering, and the risks associated with those changes
 - We maintain a competitively priced option within the marketplace.

Following an in-depth evaluation process, the RPS appointed Aon with a view to them developing and arranging a bespoke professional liability insurance package for our members.

Aon has considerable experience in arranging insurance for the healthcare sector, including indemnity cover to a range of medical and healthcare professionals and provider organisations. Their experience was demonstrated by their proposal, which presented an option not suggested by other organisations and that strongly resonated with RPS’s overall aims. For more information about Aon, please see the About Aon section at the end of this paper.

Product development

Aon responded to the RPS's brief by presenting a proposal to design an indemnity solution that provides RPS members with:

- Cover suitable to meet their current and evolving needs presented in a simple and accessible way
- Value for money
- An easy joining process
- Few barriers to entry.

Product design

The first step of the process was to review the options offered by the main indemnity providers in the market to gain an in-depth understanding of their products and services.

The following was produced from information publicly available at the time of analysis in 2023:

FEATURE	COMPETITION LIMITS		
	COMPETITOR A	COMPETITOR B	COMPETITOR C
Professional liability	£5m/£10m	£10m	Contingent cover only £5m single and £10m aggregate
Medico legal work	Unclear, unless classed as professional indemnity, then £10m	Unclear	Not covered
GPhC proceedings	£500,000	Unclear, unless classed as legal expenses then up to £10m but disciplinary hearings £5,000 + VAT max each	Not covered
Coroner's inquest	Covered, but limit not established	If classed as legal expenses, up to £10m	£5m contingent cover
Criminal and civil proceedings	£500,000	£10m	Not covered
Contractual disputes	£500,000	Unclear	Not covered
Product liability	Not covered	£10m	Not covered
Contingent cover	Covered, but limit not established	Appears not covered	£5m single and £10m aggregate
Libel & slander	£5m/£10m	Not covered	£5m contingent cover
Confidentiality	£5m/£10m	Not covered	£5m contingent cover
Consent	Not covered	Not covered	Not covered
Public liability	£5m	£10m	£5m contingent cover
Data liability	£500,000	Not covered	£5m contingent cover
Indemnity to principal	Yes, for business consultant policies	Unclear, unless it comes under legal expenses	Not covered
Excess	No	No	Yes
Underwriting	Claims made	Occurrence based	Claims made

The review found a wide variation in the types of indemnity offered, the levels of complexity of products and the differences in costs and cover levels. Some features also lacked the guarantees that come with regulated insurance e.g. financial strength ratings of indemnity provider, underpinned by the Financial Services Compensation Scheme, right to redress via Financial Ombudsman etc.

The RPS's market research found when it came to changing provider:

- **32%** would if they became unhappy with their provider
- **34%** would for a cheaper price
- **24%** would for more comprehensive cover

Key attributes

To make the product appealing to members, and deliver on the RPS's objectives for the wider sector, Aon understood the product offered must have the following key attributes:

Value for money

The proposed solution had to provide a competitive pricing structure to ensure value for money for RPS members. Several elements of the cover enabled Aon to provide this.

Firstly, the RPS had no intention of the indemnity product being profit-making for them, which ensured lower pricing for its members;

this was a critical element.

Secondly, the RPS intended to provide indemnity as a benefit to its entire membership. This would allow underwriters to aggregate the risk, whilst providing individual indemnity limits; spreading the claims risk over a large volume of healthcare professionals and reducing the overall risk levels for the insurer, enabling them to offer lower rates that reflected true economies of scale.

Additionally, use of Aon's proprietary systems for fulfilment of the RPS's indemnity policies was also proposed to drive cost efficiencies; these cost savings in terms of policy administration could be passed onto RPS's membership to ensure the indemnity is keenly priced.

Comprehensive cover

Given the indemnity was intended to protect the entire RPS membership base, it was crucial for the product to cover all disciplines of pharmacist, irrespective of sector/role/specialism.

The pharmacist role is expanding at a rapid rate e.g. with the introduction of Pharmacy First, and the growth in pharmacist prescribers. The product needed to be able to adapt to these changes easily, whilst maintaining the required level of protection; broad descriptions of permitted activity were required to give the insurance flexibility of scope and future proof the product.

The RPS insisted the insurance it put its name to would need to be appropriately comprehensive to support pharmacists with the risks they face. Lessons were learned from the wider medical sector, with the professional liability insurance programme design being based on a similar product for doctors. Whilst these roles may differ, at their core, both professionals face the risk of claims for bodily harm (and mental anguish).

Pharmacy practice requires more than just indemnity cover. There are additional risks which need to be considered for individuals to be confident that they are covered for the entirety of their practice (e.g. regulatory proceedings). Therefore, the product which Aon developed includes a suite of different insurance coverage, and this overall product was named RPS Professional Liability Insurance.

The RPS also wanted their members to have confidence that if they moved to a Royal Pharmaceutical Society indemnity product, that they would not find themselves with any gaps in coverage. This is because healthcare claims frequently have a lag between when the incident happens and when the claim is made, which means that pharmacists should not have gaps in their coverage. Therefore, Aon also included retro-active start dates and extended reporting periods within the policy.

Retroactive start date i.e. ability to cover claims/ matters that were unknown and so unreported against the member's previous claims made policy; up to a three-year retroactive start date was agreed as standard to the policy for those members joining from other claims made policies

(three years being the statute of limitation for adult claims); and

Extended reporting period i.e. the ability to cover claims/matters that were unknown and so unreported and become known after the pharmacist has ceased practice; **an extended reporting period was agreed as standard for those members leaving the scheme when they cease practice e.g. death or retirement.**

Other considerations were also factored into the design process, including the RPS's desire to ensure that the product was regulated insurance (as opposed to discretionary indemnity particularly found in some areas of healthcare). For this reason, the insurance programme designed was then only put out to A+ rated insurers in the insurance market to quote.

Simple process

To avoid the confusion that comes from the complexity of offerings from other providers, the product structure needed to be simple.

The categories of membership were stripped back to:

- Foundation trainees
- Employed
- Self-employed

To enable this to be possible, broad descriptions of activity were proposed for the policy wording, and all categories allow for pharmacists to prescribe as part of their duties.

Whilst it is understood that there are some unique roles within the pharmacy sector that may challenge these simple categories, Aon worked with the team at the RPS to identify these and propose suitable indemnity levels accordingly (members will however have the option to opt out if they choose).

RPS already gathers information about their members at joining and renewal. By utilising this existing process and including a limited number of additional questions to aid the underwriter, the process for members to obtain indemnity insurance is greatly simplified and reduced in cost.

Adoption by RPS

Partner selection

Following selection of an underwriter and insurance partner, the developed product was presented to RPS's management team. The team met with the underwriter and were assured of their depth of expertise and flexibility to ensure successful project delivery.

The proposal was subsequently accepted by the RPS, as the policy delivered extensive cover and addressed members' concerns:

Cost

Pricing offered most members competitive rates.

Whether the RPS would be impartial if a claim occurs

Claims would be administered by the insurer's legal firm, DAC Beachcroft, which has significant healthcare claim and regulatory experience. With the RPS not involved in this process, their impartiality cannot be questioned.

The RPS is new to indemnity insurance

This can be resolved by partnering with:

- One of the world's leading insurance brokers¹ and
- An underwriter and insurer that both work in the Lloyd's market providing indemnity for the healthcare sector worldwide.

How insurance would support RPS's core purpose

The RPS believes professional liability insurance is key to its core purpose:

"Our mission is to put pharmacy at the forefront of healthcare. Our vision is to become the world leader in the safe and effective use of medicines."²

Providing members with appropriate indemnity to protect both themselves and the patients they treat, reassures other areas of healthcare that pharmacists are regulated and covered to an appropriate extent, and thereby increases their reliability. As such, the RPS believes that this will help strengthen their voice within the healthcare sector.

Safe use of medicines can also benefit from the RPS providing indemnity. By having sight of anonymised claims information, the RPS and the underwriter can work collaboratively to identify patterns of behaviour that create higher levels of risk. This insight allows the RPS to be proactive in terms of risk management and create educational content for their members based on real-life issues to help protect them.

Whilst the RPS team was satisfied with the proposed product solution Aon created, there was a further layer of scrutiny required before implementation could begin. The proposal was presented to the RPS Assembly and was subject to robust questioning by experienced pharmacists, whose role is to protect and promote the interests of their members. The session concluded with a unanimous vote in favour of adding RPS Professional Liability Insurance into the suite of Royal Pharmaceutical Society membership benefits.

¹ Aon is ranked 2nd insurance broker globally based on 2023 total revenue by Best's Review 2024.

² <https://www.rpharms.com/england/vision-for-pharmacy-practice-in-england>

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About Aon

Aon exists to shape decisions for the better – to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

50,000 colleagues

120 countries

One of the world's leading insurance brokers, Aon is ranked 2nd insurance broker globally based on 2023 total revenue by Best's Review 2024.

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