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Self-employed Professional Indemnity insurance guide

Everything self-employed professionals need to know about PI insurance, including who needs it, run-off cover, and exclusive Qdos discounts for IPSE members.

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Professional Indemnity insurance protects you and your business if a client suffers a financial loss because of work you completed for them. This guide explains what PI insurance covers, who needs it and why it matters. We also show you how IPSE members can access exclusive discounts through our insurance partner, Qdos.

What is self-employed Professional Indemnity insurance?

Professional Indemnity insurance (PI) is a type of business insurance that covers the cost of your legal defence and any expenses involved in correcting a mistake, if a client takes legal action against you for financial loss caused by an alleged error or negligence on your part.

PI insurance is also called Professional Liability insurance. It is not a legal requirement in the UK, but it is often mandatory for members of professional bodies and may be required by regulators. Many clients and agencies will ask for proof of cover before they award you a contract, so it is worth having a policy in place before you start looking for work.

What's the difference between Professional Indemnity and Public Liability insurance?

Both are types of business insurance that cover compensation claims, but they protect you in different situations.

- **Professional Indemnity insurance** covers claims from clients who say your professional work caused them financial loss.
- **Public Liability insurance** covers claims from members of the public who say you caused them injury or damaged their property.

Many self-employed professionals hold both types of cover. They are not interchangeable, and one does not replace the other.



Do you need Professional Indemnity insurance if you're self-employed?

Not every self-employed person needs PI insurance. If you run a cafe or a market stall, it probably does not apply to you.

PI insurance is considered essential for anyone providing professional services, advice or designs to clients. If your work involves giving recommendations, producing creative or technical output, or handling client data, you should seriously consider taking out a policy.

A claim of alleged negligence can be costly to defend, even if it is unfounded. Without PI cover, those legal costs fall on you.

Who needs Professional Indemnity insurance?

PI insurance is widely considered essential for self-employed professionals whose work involves giving advice, delivering services or producing output that clients rely on. If something goes wrong and a client suffers a financial loss, they may hold you responsible.

A claim does not have to succeed to cost you money. Legal defence alone can run into thousands of pounds, and without cover in place, that bill lands with you personally.

Some professions are also required to hold PI insurance by their regulator or professional body. And in many industries, clients and agencies will ask for proof of cover before they will award you a contract.

Those in medical professions usually need Medical Indemnity insurance, which provides a higher level of cover than a standard PI policy.

Examples of self-employed professionals and why they might need Professional Indemnity insurance includes:

Nurses	+
Social Workers	+
Support Workers and Carers	+
Accountants	+
Lawyers	+
Music Teachers	+
Business Consultants	+
Photographers	+
Creative Professionals	+



Do you need Professional Indemnity insurance if you have self-employed staff?

If you are a self-employed professional who is working for an end-client, agency or other organisation, then it is highly likely that you will need to have your own Professional Indemnity policy in place, as you might not be covered by the Professional Indemnity insurance of the hiring party.

However, if you employ the services of self-employed professionals such as contractors, then it is likely that you are offering professional services, advice and/or designs to your clients. Therefore, you will need your own Professional Indemnity insurance to ensure your business is protected.

This is the same for freelancers who outsource work to other freelancers when they need assistance covering workload.

How much is the typical cost of Professional Indemnity insurance?

PI insurance is affordable for most self-employed professionals. Premiums depend on your profession, your annual turnover and the level of cover you need.

IPSE members also benefit from a 10% discount via our insurance partner, Qdos.

Always check your contractual requirements before buying a policy. If a contract asks for a higher level of cover than you currently hold, you will need to upgrade. That will usually mean a modest increase in your premium, but it is far less costly than facing a claim without adequate cover.

How to find the best Professional Indemnity insurance if you're self-employed

There are plenty of providers available online, and recommendations from fellow freelancers are a good starting point. The most important thing is that the policy covers your specific contractual requirements for the work you are doing.

IPSE members can access a 10% discount on both Professional Indemnity and Public Liability insurance via our partner, Qdos - one of the UK's leading providers of insurance and tax services for the self-employed.



What is 'run off' cover?

Your duty of care to clients does not automatically end when your business does. Run-off cover is a PI policy taken out when a business stops trading. It protects you against claims that arise after you have ceased operating.

People take out run-off cover for all kinds of reasons: retirement, winding down, selling the business, a merger, or simply moving on to something new. If you are planning to close your business, this type of cover means a late claim cannot undermine the financial security you have worked hard to build.

Run-off premiums are often discounted because the business is no longer actively trading, and the cost tends to fall year-on-year as the risk of a new claim decreases.

For more information, our Membership Team would be more than happy to talk through your insurance options once you've ceased trading on [+44 \(0\)20 8897 9970](tel:+442088979970) or at membership@ipse.co.uk.

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