

## **Association of Employment Agencies Singapore**

### **Professional Indemnity Insurance FAQs**

#### **Policy Coverage and Administration**

##### **1) What is Professional Indemnity Insurance and how does it cover Employment Agencies?**

Professional Indemnity Insurance is a form of liability insurance to protect Insureds against any legal action from their clients, customers or other third parties who allege a breach of their duty of care. As far as Employment Agencies are concerned, it is intended to protect the Employment Agency ("EA") against financial losses, in both defence costs and damages awarded, against legal actions where the primary allegation is that the Employment Agency has failed to discharge their duty of care towards the Employer in the provision of agency services, and that this failure has caused the Employer financial loss.

##### **2) How much would the annual insurance premium cost?**

Annual premiums are calculated based on the requested Limit of Indemnity for the Insurance and number of Foreign Domestic Workers ("FDWs") placed in the preceding financial year that have been pre-agreed with the Insurer.

##### **3) How long is the coverage for?**

It is a 12 months insurance policy.

##### **4) What are the Policy exclusions?**

Typical excludes include bodily injury, property damage, quality of work by FDW, fines, penalties, guarantee/bond prepayment and fraud and dishonesty of FDWs. There is an option to extend fraud and dishonesty to cover direct employees of EA at an additional premium.

##### **5) How can I apply for the coverage?**

Please complete a customized simple proposal form and email it to AVA Insurance Brokers Pte Ltd ("AVA") at [GI\\_Broker@ava-ins.com](mailto:GI_Broker@ava-ins.com). Upon receipt of the completed, signed and dated form, AVA will send it to the Insurer for their review and processing. The original policy documents and billing will be mail to the EA within 3 working weeks from the date of acceptance.

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## Claims

### **6) Under what circumstances can Insured (EA) or Employer make a claim?**

The general principle is that EA should be held liable if the financial loss to the Employer is linked to the breach of the EA's duty of care towards the Employer during FDW placement process. The following are some examples which EA might be sued and held liable.

*a) Scenario no. 1: Employer sues EA for wrongdoings of FDW, causing death of family members or pets.*

*EA might have failed to verify the suitability of the maid prior to the employment like under aged, or of unsound mind. It is always up to the Courts to decide the liability of EA and EA will have to respond in defense. The defense costs of such allegations will be borne by the insurance policy.*

*b) Scenario no. 2: Employer sues EA for accuracy of FDW's biodata e.g. height, weight, skills, weight or marital status.*

*An employer can choose to sue for anything and it is up to the Courts to decide whether there is any financial loss caused to the employer in connection to the error in biodata. For this scenario, it is unlikely that any liability will be found against EA if the Employer chooses to sue.*

*c) Scenario no. 3: EA has mismatched FDW's abilities or skills like cooking, taking care of children to employer during placement process.*

*Provided there is any legal liability arising from any unintentional, mislead or non-disclosure of information by EA and if there is any financial loss that has resulted from the error of EA. For example, if EA has asserted that the FDW can take care of children but it ended up that FDW cannot, and that led to additional costs to the employer to find alternate afterschool care services or baby caring services.*

*d) Scenario no. 4: FDW does not want to continue working for existing Employer or FDW passed away during her employment. EA or Employer are claiming for any financial losses incurred in such situations.*

*Professional Indemnity policy does not cover such cases.*

### **Who can I approach for any queries?**

Please contact **AVA Insurance Brokers** at office no. 6535 1828

Address: 91 Bencoolen Street #08-03, Sunshine Plaza Singapore 189652

Office hours: Monday – Friday (9:00 am to 6:00 pm)

Email address: GI\_Broker@ava-ins.com