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ARCHITECTS & ENGINEERS PROFESSIONAL LIABILITY

COVERAGE APPLICATION

Architects & Engineers (A/E) Professional Liability was created to provide a financing mechanism for design professionals and engineering firms to protect from loss arising from actual or alleged negligent acts, errors and omissions in performing professional services.

The A/E Professional Liability policy is offered to all types of architectural and engineering firms.

POLICY FORM

A/E Professional Liability provides coverage for direct and vicarious professional liability arising out of services performed by or on behalf of the named insured. Policies are written on a claims-made form.

Unless endorsed to exclude, the A/E Professional Liability policy will provide coverage for pollution and microbial matter (such as mold, bacteria, viral matter) arising from professional services. Furthermore, it can be modified with the addition of a Contractor's Pollution Liability (CPL) endorsement to provide appropriate pollution coverage in the event a firm is performing actual or physical contracting services.

The A/E Professional Liability policy can be written on a project-specific basis or practice/blanket basis.

PROGRAM HIGHLIGHTS

- External financing mechanism for both professional and environmental losses that would otherwise be incurred by the design or engineering firm.
- Provides coverage for defense costs from both owners and third parties. With both professional and environmental liability,

defense costs alone can be catastrophic to a business.

- Provides vicarious protection from losses due to inadequate insurance limits or coverage of sub-design professionals.
- Fulfills contractual obligations of owners and design/builders.
- Underwriting process assists the design professional in managing their professional liability risk.
- Positive perception in the industry and community where services are being performed.
- Creates a competitive advantage when the benefits of such coverage are properly conveyed to the owner.
- Contractor's Pollution Liability can be endorsed with an occurrence trigger and can provide coverage for transportation and disposal liability.
- Mold liability coverage can be included under both coverage parts providing coverage for an extremely sensitive industry issue.
- Punitive damages (where allowable by law) can be provided. In cases involving environmental claims, especially mold, punitive damages coverage may be an extremely crucial coverage enhancement.
- Technology based coverage can be included.

POLICY TERM

- Practice or Blanket Policy (meaning all services performed by the named insured) is typically offered on an annual basis.
- Project policies can be offered up to 10 years (including Extended Reporting Periods).

MARKET OVERVIEW:

Today there are over 30 carriers offering various forms of A/E Professional

CONTACT

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ARCHITECTS & ENGINEERS PROFESSIONAL LIABILITY (cont.)

Liability coverage. Carrier appetite varies dramatically from one to another based on their underwriting experience and company expertise. For example, one carrier may only offer A/E Professional Liability to architectural and engineering firms while another only offers it to construction managers, design builders and other traditional construction firms. A/E Professional Liability currently represents nearly 50% of the professional liability marketplace. Each carrier offers their own manuscripted policy so careful attention must be given in reviewing each form for accuracy.

LIMITS OF LIABILITY

- \$50,000,000 per loss/\$50,000,000 aggregate limit of liability if structured with various carriers from the professional liability insurance marketplace.

- \$10,000,000 per loss/\$10,000,000 aggregate with any one particular carrier.

RETENTIONS

- \$5,000 minimum.
- A/E Professional Liability carriers offer both self insured retentions and deductibles. Typically deductibles have to be negotiated prior to policy inception.

PREMIUMS

Typical premiums begin around \$10,000 for the \$1,000,000 per loss/\$1,000,000 aggregate limit of liability.

information needed for indication

- Construction Services Application or
- Construction Services – Project Application

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