

Architects & Engineers Professional Liability

COVERAGE APPLICATION:

Architects & Engineers (A/E) Professional Liability was created to provide a financing mechanism for design professionals and/or environmental consultants 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 both environmental and non-environmental firms.

POLICY FORMS:

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 mold 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 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 firm.
- The A/E Professional Liability policy 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.
- Can be offered with defense costs outside the limit of liability.
- 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.

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 approximately 10 carriers willing to offer various forms of A/E Professional 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 environmental firms while another only offers it to construction managers, design builders and other non-environmental 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:

- \$100,000,000 per loss/\$100,000,000 aggregate limit of liability if structured with various carriers from the professional liability insurance marketplace.
- \$25,000,000 per loss/\$25,000,000 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

The above profile is only a brief overview of the product referenced. The information contained above has been provided by New Day Underwriting Managers LLC for general discussion purposes about the referenced insurance coverage. The information is not offered for the purpose of providing exact coverage terms or conditions. The policy should be reviewed to understand all coverage terms and conditions.



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