

# ProNetwork News

## Risk Management Tools for the Design Professional



### Audrey Camp

Audrey Camp is the Web & Social Media Consultant for a/e ProNet. She spent six years with a/e ProNet member IOA Insurance Services in California as a licensed account manager, specializing in the professional liability needs of architects and engineers. Today, Audrey works as a freelance writer living in Oslo. Her work has appeared in several literary magazines, journals and anthologies, and she is a founding member of the Oslo Writers' League (OWL). She has also written for English-language Norwegian news sites and magazines. Most recently, Audrey co-authored two books—Startup Guide Oslo (Oct 2016) and Startup Guide Vienna (forthcoming)—for a Danish company called Startup Everywhere, a process that inspired her appreciation for social entrepreneurship and intrapreneurship. Audrey has managed the a/e ProNet website, blog, social media presence and other publications since 2011.



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### Benefit from Selecting the Right Professional Liability Broker

by Audrey Camp

*Carefully selected and advantageously used, your broker can be as important to the management of your practice as your accountant or your attorney. Poorly selected and ill-equipped to advise you on the risks of professional practice, your broker may add little more of value to what you do than the cost of a few postage stamps at renewal time. The choice is yours.*

-- Dave Lakamp, founding member of a/e ProNet

For design professionals, finding the right insurance broker can present a challenge. You need someone with ample experience handling the professional liability needs of architects and engineers, and who offers a wealth of value-added services. Only if your broker has a comprehensive understanding of what you and your firm are all about can he or she be of real use to you. Lacking this knowledge can leave your firm vulnerable in a shifting insurance marketplace. A good specialist broker is committed to investing the necessary time and resources to your account. They find you the best coverage for the best price, and they save you the considerable time it would take for you to do so on your own.

#### What is professional liability insurance and why is it important?

A professional liability (errors and omissions) insurance policy provides coverage to defend and indemnify a professional firm against claims alleging negligent acts, errors, or omissions in the performance of professional services.

Any project can give rise to a claim. Even if your firm employs an excellent risk management strategy, it is vulnerable to being named in a lawsuit. The cost of that defense can mount fast, even if your firm wasn't in the wrong. A professional liability policy covers the cost of defense.

In the event that your firm is found negligent, and that the firm's negligence gave rise to the claim in question, your professional liability policy will cover your firm for the damages you're



*This information is provided as a service of a/e ProNet, an international association of independent insurance brokers dedicated to serving the design profession since 1988. We are dedicated to representing the best interests of our design clients as a trusted and impartial source of information on professional liability insurance, risk management, loss prevention and continuing education. Please visit our website [www.aepronet.org](http://www.aepronet.org) for additional information*

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legally obligated to pay, up to the policy limit. (Note: In most cases, defense costs erode the policy limit. Having adequate limits to cover both defense and indemnity is important.)

### **Why do I need a specialist insurance broker? Shouldn't I be able to purchase my professional liability policy directly from an insurance company?**

For architects and engineers, maintaining an active and adequate professional liability insurance policy is very often a legal requirement. And while a basic professional liability policy is straightforward enough for anyone to acquire, the insurance needs of design professionals are more complex than that.

The insurance industry is full of companies who want your business, but no two professional liability insurance carriers are exactly alike. Among the major differences are:

- the size of policy limits offered;
- whether multiyear policies are available;
- underwriting appetites for types of engineering services;
- and claims service.

Some companies require a 10-year loss history from design professionals, while others only require a five-year loss run. A specialist broker knows what the markets are doing, who the underwriters are, and how to present your firm in the best possible light. He or she will have understand each insurance company's application and is quick to assist you in providing requested information. The cost of your insurance depends on this knowledge and attention to detail used on your behalf.

Here it should be noted that insurance companies often reward longevity. If your firm has been insured by a single company for a number of years and doesn't have an especially adverse claims history, it's likely that your premiums have been fair and endorsements (e.g., per project limit increases) have been easy to come by when needed. This does not mean that your current insurance company should be the only one to see your renewal application, however. A specialist broker understands the importance of approaching multiple markets periodically, either to reassure you that your policy is in the right hands or to grant you the opportunity to trade up.

Whether the market in a given year is hard or soft, a skilled professional liability insurance broker's experience will benefit your firm. You need competent advice from a broker with the right perspective, both on your industry and the needs of your firm, as well as on the insurance marketplace as a whole.

### **What else sets specialist brokers apart from the pack? How do I know a good specialist broker when I see one?**

We've already touched on the importance of receiving proactive guidance from your broker at renewal time, but a good specialist broker should be available to you and valuable to your firm all year long.

Beyond billings, professional liability premiums often suffer the largest impact from claims. Avoiding claims means employing a risk management strategy, and a good specialist broker should be equipped to assist your firm in that endeavor. He or she will provide you with

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contract review services, either personally or via the insurance company who holds your current policy. Your broker should also be able to refer you to specialist attorneys and other risk management professionals.

In the event a potential claim looms before you, a specialist broker will be able to reduce the stress of the moment by putting you in touch with any preclaims assistance options through your insurance company. He or she will also be available to answer your questions about the process of reporting a claim. Finally, if you end up filing a claim, your broker's long-standing relationships with claims adjusters at your insurance company may, again, come in handy.

### **How do I find a specialist broker? Where can I get a recommendation for a good one?**

Naturally, we suggest starting your search with a/e ProNet. We are a national network of specialist brokers, meeting the insurance and risk management needs of design professionals since 1988. Because our members are independent—not obligated to any one insurance company—they are in the best position to compare policies. Our members do everything mentioned above, and they are supported in this endeavor by our website, which is full of relevant information and resources.

With a specialist broker, you can rest assured that you have an experienced advocate, both in relation to your bottom line and your overall exposure as a professional in a demanding and risky environment.

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### Broker's Notes:

Visit [the a/e ProNet website](http://the a/e ProNet website) today for more excellent resources:

#### ProNet Practice Notes

##### The Keys to Keeping a Project On Track



I understood, as the traditional casebooks teach in law school, that appellate decisions in commercial cases tend to focus on determining where something went wrong and deciding who should be blamed. Liability was the proverbial 'hot potato', something to be avoided at all cost. As a result, lawyers teach and are trained to concentrate on anticipating potential liability and finding ways to avoid or transfer it so their clients are not caught in its web.

#### Guest Essays

##### Benefits of a Succession Plan for Your Business



You've worked hard to establish your business and plan to stay actively involved in its future success. So, why would you plan your exit from it now? Because, as the saying goes, if you fail to plan, plan to fail. You won't lead your company forever, and statistics show most businesses don't make it past the second generation of ownership due to the lack of a proper and thorough succession plan.

#### The ProNet Blog

##### Cyber Security Awareness & October's DDOS Hack



If you used the internet at the end of October, chances are you experienced a few problems. Twitter, PayPal, Spotify, Netflix and AirBnB were just a few of the major websites struggling throughout the day. The New York Times and The Wall Street Journal, had trouble, too. This was the result of a distributed denial of service (DDOS) attack, a brand of malicious hacking that the cyber security industry knows well. [Continue reading...](#)

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