

IOA COVERAGE DESCRIPTION SERIES

A&E FIRM PROFESSIONAL LIABILITY COVERAGE

FAQs

Discover SmartSelect Pro & The IOA Difference!

Discover SmartSelect Pro, which enables your practice to tap into IOA Pros extensive Professional Liability Policy marketplace knowledge* and 5,000+ client negotiation expertise.

* IOA Pros has senior level decision-maker negotiating relationships, with over 50 of the leading A&E Professional Liability insurance companies

What type of protection does professional liability insurance provide?

Professional liability insurance protects your practice from claims alleged to have been caused from the firm's professional service activities. The policy pays for claim-related (1) legal costs and (2) damage payments when found liable for bodily injury, property damage or economic losses.

This differs from commercial general liability policies, which limit coverage to bodily injury and property damage claims from non-professional service activities.

What professional service activities are typically covered?

Most policies cover a list of professional services that your business is legally qualified to perform in their capacity as an architect, engineer, landscape architect, land surveyor, construction manager, interior designer, technical consultant, or as otherwise listed by endorsement to the policy.

Apart from my firm, who else is covered by this policy?

Typically, the "named insured" is your firm and predecessor firm names, in-addition to past or present directors, officers, employees, and leased personnel if named in a claim. Policies also generally cover liability arising from participation by your business in joint ventures.

What are the benefits of Professional Liability insurance?

Professional Liability insurance safeguards your business from catastrophic loss in the event of a lawsuit, covering both legal expenses and sums paid as judgments, awards, or settlements. Even baseless claims against your business can require a legal defense. Protecting your business reputation can require significant funds and can even bankrupt your business.

What if I am sued tomorrow over a prior business activity?

As long as there is a claims-made policy in force at the time the claim is made and that policy provides coverage for prior acts, there would typically be coverage.

Coverage Description, Continued

What does claims made insurance coverage mean?

Most professional liability policies are designed to apply on a “**claims made**” basis. This means that a claim must be made and reported within the policy period, but not to exceed a reasonable period of time after the policy period expires. These policies list a specific date, often called a “**retroactive date**”, that becomes very important. Claims that arise out of acts committed prior to the retroactive date will not be covered. The farther back the retroactive date, the more coverage provided.

What information does an Underwriter consider when they determine your premium?

Insurance company Underwriters evaluate several factors in preparing quotations, such as:

- Policy limit and deductible requested
- Number of licensed professionals
- Number of years in business
- Number of years your policy covers prior professional service work
- State(s) where business is conducted
- Professional service activity billings (current year & prior 3 years)
- Mix of professional service disciplines, project types and clientele
- Use of sub-consultants
- Quality control, including use of written contracts
- Office policies, procedures and training activities
- Claim experience (up to prior 5 years)

Who brings professional liability claims against Design Professionals?

Frequency of claims by claimant (Travelers Insurance Company Survey)

- 30.5% Private Owners/Users
- 21.1% Design Professionals
- 16.1% Developers
- 12.3% State or Local Government
- 8.9% General Contractors
- 7.6% Public Institutions
- 3.5% All Others

IMPORTANT NOTICE: The information contained in this document is for informational purposes only. No coverage is provided by this summary. Refer to your policy to determine the scope of your insurance protection.