



Professional Liability Toolkit

Risk Assessment and Review for Architects and Engineers

Brought to you by

Mercer Consumer and Beazley Insurance Company, Inc.

12421 Meredith Drive • Urbandale, IA 50398

This program is administered by Mercer Consumer, a service of Mercer Health & Benefits Administration LLC

In CA d/b/a Mercer Health & Benefits Insurance Services LLC

AR Insurance License #303439 • CA Insurance License #0G39709

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Risk Assessment and Review for Architects and Engineers (A&E)

The A&E Proliability Program.



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Risk Assessment and Review for Architects and Engineers (A&E)

The A&E Proliability Program.



Dear A&E Professional,

Thank you for requesting the **A&E Proliability Risk Assessment and Review Toolkit**. This Toolkit is brought to you by the professional liability insurance experts at Mercer Consumer and Beazley Insurance Company, Inc.

With the new A&E Proliability Program, you receive outstanding professional liability protection that's comprehensive and affordable. Your coverage and rates are based on your exposure, not someone else's. Whether you're affiliated with a firm or self-employed, you may qualify for this outstanding protection.

Please take the opportunity to compare your current plan with the A&E Proliability Program. If you've never had liability protection, there's never been a better time to get it. And there has never been a better plan than the A&E Proliability Program.

That's because the new A&E Proliability Program was specifically designed to meet your unique risks. And it's offered through our two proven industry leaders in the A&E professional liability marketplace: Beazley Insurance Company, Inc. is one of the top A&E insurance carriers. Mercer Consumer has been offering professional liability solutions to top engineering professional associations in the US for more than 25 years. You won't find another resource in the professional liability marketplace with our combined strength and expertise!

Please review the enclosed Toolkit to learn more about the importance of sound professional liability protection, and how the A&E Proliability Program gives you access to superior benefits.

See for yourself why other firms and self-employed architectural and engineering professionals have chosen the new A&E Proliability Program.

Sincerely,

Timothy R. Weber, Partner
Mercer Health & Benefits
Administration LLC

Steve Stephanides, RPLU, MBA
Beazley Insurance Company, Inc.
Underwriter

P.S. Make sure you have the right protection at the right price. Act now to secure exceptional coverage and superior backing by professional liability experts through the A&E Proliability Program.

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Do I really need professional liability insurance?

Professional liability insurance is recommended for architectural and engineering professionals who are:

- > **“Moonlighting”** — You’re engaged in independent consulting on the side while employed by a firm.
- > **Self-employed temporarily** — You consult for an undetermined period of time. For example, you may be between jobs, or are testing the waters working on your own.
- > **Self-employed permanently** — Solo or with partners.

Things to consider when deciding whether professional liability coverage is right for you

- > Typically, a firm’s professional liability policy covers all employees — regardless of specific professional services, and only provides protection for your acts on behalf of that firm. If you have activities outside your employment arrangement, you need to purchase your own coverage.
- > A lawsuit brings significant losses, not only in time and money, but also in one of the most valuable commodities a professional possesses — self-confidence. Defending yourself consumes time, money and your thoughts. Defendants lose valuable work time as cases drag on, typically for years. During that time, a professional’s confidence may be needlessly shaken. Or he or she may experience anxiety, which can significantly impinge on work performance.
- > Most everyone is aware of liability risks in this litigious society. A better-informed public, awareness of clients’ rights and the potential to recover costs and damages, and perhaps embittered by the failing economy, is often encouraged to bring suit against professionals. Informed professionals are even more aware of their vulnerability to liability issues every workday. They face increased risk exposure as more become self-employed. Whether claims are frivolous or fact, simply being named in a claim has significant emotional and financial expenses.

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What is your risk of a professional liability lawsuit?

Every day you provide your services, you risk being sued by a client or other involved party. Although you can't control whether a lawsuit happens, you can help minimize your risk.

This 10-point quiz helps you pinpoint your potential risks with the way you provide your professional services. Simply review each question and note a "YES" or "NO" answer.

	YES	NO
1. Do you document all communications with your clients, including phone conversations and meetings, and make sure you put in writing any changes to a project, design or plan?	<input type="checkbox"/>	<input type="checkbox"/>
2. In written documents and contracts, do you always identify your client in name, as the person or entity that contracted for your services?	<input type="checkbox"/>	<input type="checkbox"/>
3. Do you avoid giving "informal" advice, as well as accepting assignments outside of your expertise and/or geographic area?	<input type="checkbox"/>	<input type="checkbox"/>
4. Do you observe each project at various phases of completion to make sure your plans and designs are carried forward, as intended?	<input type="checkbox"/>	<input type="checkbox"/>
5. Do you maintain written quality-control procedures for your office?	<input type="checkbox"/>	<input type="checkbox"/>
6. Do you use contracts and engagement letters for every project?	<input type="checkbox"/>	<input type="checkbox"/>
7. Do you make sure each design team member and/or independent consultant is licensed and insured before you hire them?	<input type="checkbox"/>	<input type="checkbox"/>
8. Do you stay current with the newest technology and educate your employees and clients about this technology?	<input type="checkbox"/>	<input type="checkbox"/>
9. Do you ensure compliance with the Gramm-Leach-Bliley Act (GLBA) by securing transmission, receipt and storage of data related to any consumer non-public personal information?	<input type="checkbox"/>	<input type="checkbox"/>
10. Do you watch for warning signs of potential problems, including clients who undergo management changes or are reluctant to provide information, as well as missed deadlines, complaints or errors?	<input type="checkbox"/>	<input type="checkbox"/>

Please note: While some of these questions may seem like common sense, it's important to recognize that even the smallest element can represent a significant risk exposure. In the hustle of a busy workday, even if you overlook just one of these, you could be at risk for a lawsuit.

So what is your score? How many answers were affirmative?

7–10 LOW: You're doing a great job of managing your services, and your risk is relatively low. Though, regardless of how well you do your job, an unhappy client or other involved party can still sue you.

4–6 MEDIUM: You should consider making some improvements to manage your risk exposures and minimize the potential of a liability lawsuit.

1–3 HIGH: You're at a high risk of professional exposure leading to a lawsuit against you and your engineering services.

No matter what your risk score, you can minimize some of your exposures right now by reviewing these handy tips:

- ✓ **Document, document and document** — From initial engagement letters and contracts, to quality-control procedures, to changes in design or plans, to every communication with a client, including emails, text messages and phone conversations. If you only comply with one tip, this is the most important one to remember!
- ✓ **Avoid giving or offering “informal” advice to clients, colleagues or friends.** You never know when your advice might be misinterpreted or misused.
- ✓ **Accept assignments with care** — Avoid projects outside your specialty or geographic region, and be careful about contracting with a client that interferes with your objectivity, is reluctant to provide information or is undergoing management changes.
- ✓ **Clearly identify your client and copyright any reports.**
- ✓ **Keep yourself and your team up-to-date on the latest technology.**
- ✓ **Make sure any independent consultants are licensed and adequately insured.**

Following these tips, with every client engagement, will help you reduce your risk of a lawsuit — but nothing can prevent it if you have an unhappy client. And regardless of whether the lawsuit is justified or not, the costs to defend yourself could deplete your assets and damage your reputation. That's why the A&E Proliability Program offers a practical risk management solution to help protect you against the high costs of a lawsuit.

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What to consider when comparing professional liability insurance policies.

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Are flexible premium payment options available?

When purchasing your professional liability insurance through the A&E Proliability Program, you can pay for your premium in one of the following ways:

- With a check or money order; or use MasterCard or Visa.
- If your premium is \$1,000 or more, financing is available at competitive annual percentage rates.



Is the definition of professional services in the policy broad enough to encompass all of what you do as an engineer?

Professional liability policies can differ significantly in the way each defines which services are covered. If the definition in the policy doesn't adequately address all of your professional services, the underwriter should be agreeable to endorsing the policy with language that better defines which activities are covered.



Does the policy include technology-related coverage?

It's important the policy include coverage for the unique technology-related risks you face. Coverage should include: electronic transfer of data, copyright infringement, web-hosting functions, and privacy liability.



Does the policy provide coverage for former partners, officers, owners and employees?

Some professional liability policies only cover current principals and employees of the named insured, leaving no individual coverage for former partners or employees, even though they were insured under your coverage when the services were performed.

A&E-
Proliability
Program



Other
Program



Does the policy provide a defense in licensing board actions?

Often, a licensing board complaint is the precursor to an actual professional liability claim being made against you. Early involvement by your professional liability carrier at the complaint stage is a prudent risk-management tool. These actions can be costly if you need to hire a lawyer to protect your interests.



Does the policy provide for reimbursement for loss of earnings resulting from attendance at specified proceedings in relation to covered claims?

If you are called to attend a trial, deposition, hearing, mediation or arbitration proceeding involving a civil suit against you for a covered claim, you could be losing out on valuable billable hours. The A&E Proliability Program provides up to \$500 for loss of earnings to each insured for each day or part of a day of the insured's attendance, as noted above. Reimbursement in no event exceeds \$7,500, nor does the total amount paid in any coverage period exceed \$7,500.



Does the policy cover academic researchers?

Most professional liability policies only cover individuals who practice their profession by trade. The A&E Proliability Program, however, also covers professionals who perform academic research in the mechanical engineering field.

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A&E Proliability Program

As an A&E professional, you are eligible to participate in this program that brings you all of these benefits:

Standard Policy Coverage Features:

- > Flexible policy limits and deductible options
- > Claims made/prior acts
- > Available in all states except AK, LA, VT and WY
- > Disciplinary proceedings reimbursement extension—\$10,000 per policy period
- > Reputation management reimbursement extension—\$15,000 per policy period
- > Broad definition of insured—includes insured's joint ventures
- > Automatic 60-day coverage for acquired entities
- > Blanket waiver of subrogation provision for clients of the insured, as required by contract
- > Automatic excess and difference in conditions coverage (DIC) for separately insured projects
- > Punitive damages extension—where insurable by law
- > ADA, FFHA and OSHA regulatory actions extension
- > Worldwide coverage territory—right and duty to defend
- > Mutual selection of expert defense counsel
- > Innocent insured extension
- > Contractor's pollution liability extension

Technology Risk Coverage:

- > Electronic transfer of data
- > Copyright infringement
- > Web-hosting functions
- > Privacy liability

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Claims Services:

- Pre-claims assistance from A&E attorneys and claims professionals
- Proactive claims management through experienced lawyers and claims management professionals

Risk Management:

- Contract reviews
- Live quarterly web-based seminars
- "A&E Reporter" newsletter
- Dedicated web portal exclusively for policyholders with videos, on-demand webinars and more
- CE credits available for applicable firms

Act now to secure professional liability coverage through the A&E Proliability Program.

Simply complete the enclosed application and return it to:

Email: sim.service@mercer.com

Mail: A&E Proliability Program
P.O. Box 14438
Des Moines, IA 50306-9803

Fax: 515-365-0681

Once we receive your application and verify you qualify for protection, we will send you a customized rate quote. Look it over. When you're sure the A&E Proliability Program and price are right for you, send in your payment.

See for yourself why other firms and self-employed architect and engineering professionals switch to the A&E Proliability Program. You are under no obligation.

Send in your application today

For answers to your questions, please call **1-855-213-0124** to talk with a knowledgeable professional liability insurance specialist.

