

BUSINESS CONTINUITY: THE IMPORTANCE OF INSURANCE PROTECTION

Owning an architectural firm or providing architectural services independently can be a fulfilling and lucrative endeavor and a great way to use your expertise to develop a good reputation in this competitive industry. When focusing on new projects and developing business relationships, it's easy to forget the importance of tending to less-exciting business requirements, like professional liability insurance.

Insurance plays an important role in a thriving business. Even the most seasoned architects can become involved in litigation, whether frivolous or warranted. The impact of such litigation can have devastating consequences for your firm's reputation and financial stability. Having the proper insurance in place can help to mitigate these consequences by ensuring that a claim is settled promptly and effectively.

Keep reading to explore three examples of professional liability insurance claims:

SELECTING APPROPRIATE MATERIALS

Insured provided design & consulting services for a condo corporation new build. It was discovered during occupancy that the plastic laminate which was applied to the hall side of interior doors was delaminating and newly installed carpet was unravelling at joints and thresholds. Claim ultimately settled and final release signed as Insured was negligent in their design and selecting appropriate materials.

Legal Paid: \$150,492.38

Indemnity Paid: \$380,000

SIGN-OFF OF DRAWINGS

Claim was filed against an architect who signed off on drawings made by another architect for condo build. Architect who requested the "sign off" or stamp was not licensed. Insured reviewed drawings and signed off on them, for a small fee (\$8000).

Designs were later modified without insured's knowledge; a lawsuit was later filed against them and 12-13 parties (consultants, contractors and subs) who were involved in the design and construction of the three-storey condominium building. Despite the limited role this insured played, the work done exposed the Insured to a moderate amount of liability.

Legal Paid: Approximately \$59,000

Indemnity Paid: \$250,000

BUILDING CODE

Insured was contracted by a developer as architect and prime consultant for the design and construction of two four-storey residential buildings. During inspections, it was noted that the attic spaces of one of the near finished towers did not meet BC Building code standards with regards to fire separation. The Insured admitted that this code requirement was introduced in 2012 and that he designed the suites of the upper floors of both locations to older standards.

Legal/Expert Costs: \$12,802.15

Indemnity Paid: \$562,429.25

RAIC understands the importance of insurance and continues to work closely with BMS to offer an insurance program that is comprehensive, easy to access, and lead by an experienced team that values client service above all else.

How to Apply

To secure a quote, report a claim, or for more information, please contact BMS. This insurance is available to all RAIC members.

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