

## OPENING, OPERATING, OR EXPANDING YOUR FIRM? KNOW WHAT LIABILITY COVERAGE YOU DO AND DON'T NEED

Risks to architectural firms are as diverse as the businesses themselves. Whether you are opening a firm for the first time or already up and running, it's important to check that you and your business are covered.

There are many different insurance products out there and sometimes it's difficult to figure out what coverage you need – and what coverage you don't.

The table below helps to identify the most appropriate coverage(s) for your practice circumstances. While this table is comprehensive, it only provides an outline of common practice scenarios and other coverage may be required. We recommend that you use this table as an initial framework for decision-making. However, it does not replace individualized broker advice so please speak with an insurance professional at BMS if you have questions about the most appropriate coverage for your specific practice circumstances.

Coverage	Independent Contractor/ Sole Proprietor	Business Owner	Employee
Professional Liability Insurance (PLI)	✓	✓	✓
Cyber Security & Privacy Liability	✓	✓	✓
Do you have valuable contents and/or equipment?			
Yes	Business Package (with Building Coverage if you own the building where you operate)	Business Package (with Building Coverage if you own the building where you operate)	
No	Commercial General Liability Insurance (CGL) only	Commercial General Liability Insurance (CGL) only	
Employment Practices Liability		✓	
Directors' & Officers' Liability		For businesses that are publicly traded and/or have a board of directors	
Commercial Automobile Insurance	If your business owns a vehicle	If your business owns a vehicle	
Builder's Risk and Wrap-Up Insurance	If you are responsible for the oversight of a construction project	If you are responsible for the oversight of a construction project	
Products Liability	If you are developing, manufacturing, selling or proto-typing a product	If you are developing, manufacturing, selling or proto-typing a product	
Equipment Floater	If you have equipment that you bring on-site	If you have equipment that you bring on-site	

Continue reading to find out more about some of the highlighted products. Alternatively, contact a Broker at BMS to discuss your circumstance and recommended coverages.

## 1 PROFESSIONAL LIABILITY INSURANCE (PLI)

Professional Liability Insurance (PLI) responds to protect the firm and the architects working on its behalf if they are brought into a regulatory complaint or lawsuit relating to an error, omission or negligence pertaining to the professional services delivered. Following an incident, a client's legal counsel will commonly name all parties involved on a project, including the architectural firm(s) who delivered services. PLI protects the firm's assets in these circumstances and covers your legal fees to defend against allegations. It also provides protection for complaints made to your provincial regulatory body.

## 2 CYBER SECURITY & PRIVACY LIABILITY

If an architectural firm stores client information and/or is delivering services online, a Cyber Security and Privacy Liability insurance policy is strongly recommended.

Cyber liability is an ever-evolving area of risk and can impact professionals and businesses at any time. BMS, in cooperation with a market-leading Lloyd's Underwriter, offers an insurance product that manages a cyber or privacy breach from start to finish, allowing professionals to operate with the comfort of knowing that if a breach occurs, a response is in place.

It provides access to a breach response team in the event of an incident and includes cover for legal defence, investigative costs, notification and response costs, costs awarded to the patient(s) affected by the breach/violation, and more.

## 3 COMMERCIAL GENERAL LIABILITY (CGL)

Commercial General Liability (CGL) protects you against claims arising from injury or property damage that you (or your business, including your staff) may cause to another person as a result of your operations, on-site visits, manual work and/or premises.

For example, a client comes into your office for an appointment on a wet, snowy day. When heading to reception, she slips and falls on the wet floor, breaking her arm. The client may look to hold you (as the business owner) or your business responsible for her injury. CGL is often referred to as "slip and fall" insurance because this is a common example of injury to a third party while attending your premises.

If you are creating, designing, or building a product that will be sold to a client or the public, be sure to advise your broker in order to include the appropriate Products Liability coverage as part of your policy.

Because business owners generally have other insurance needs associated with physical office space and its contents, CGL coverage often comes bundled in a package product, the Business Package.

## 4 BUSINESS PACKAGE (WITH OR WITHOUT BUILDING COVERAGE)

This policy includes CGL, Property, Crime, and Business Interruption coverage and is designed for business owners and independent contractors with valuable contents.

In addition to the CGL coverage described above, the Business Package includes coverage to protect your business and the contents within from losses associated with property damage (such as fire) and crime.

**Property coverage** protects against damage to items usual to an office, including desks, chairs, filing cabinets and computers, as well as any stock, and improvements and betterments. **Crime** coverage protects against financial loss due to dishonesty, fraud, or theft of money, securities or other property owned by the office/business. **Business Interruption** insures against loss of income resulting from direct physical loss or direct physical damage to the premises by an insured peril (e.g. fire).

Business owners who own the building in which their office is located can also add Building Coverage to their policy. This insures the bricks and mortar of your property, protecting you against loss or damage from a broad range of causes, including natural disasters and other threats to business operations, such as vandalism.

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## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

This coverage responds when any error, omission, misleading statement, neglect, or breach of duty, employment practice violation or wrongful act, such as discrimination or harassment, is alleged against any person acting in their capacity as a representative of the business/firm.

If you would like to learn more about the how to best structure your insurance portfolio to ensure that you are adequately covered and receive a coverage analysis, contact BMS, where you can speak directly to a team of brokers who specialize in insurance for the architectural sector.

**For more information, or if you have more questions about professional liability and business insurance solutions, contact a broker at BMS – we're here to help.**

### 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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