



SELECTING WISELY: TIPS FOR TODAY'S ARCHITECT ON BUYING PROFESSIONAL LIABILITY INSURANCE

By Insurance Buyers' Council, Inc.

Executive Summary

When you are awake at night worrying whether or not your proposal to a prospective client for an RFQ will be good enough – the last thing you need to worry about is whether or not your professional liability insurance is adequate and whether it will protect you for the work you just proposed. According to various practitioners in the Professional Liability insurance industry, there are more than 50 insurers providing such professional liability coverage to architects in the United States. The purpose of this article is not to discuss all of those 50 insurers but instead to assist you in finding the appropriate broker and insurer for your practice. What we intend to point out in this paper is sometimes the overlooked role that an insurance broker plays in that process.

Every year, the National Society of Professional Engineers (NSPE), the American Council of Engineering Companies (ACEC) and the American Institute of Architects (AIA) put together a questionnaire for completion by many of those professional liability insurers. Approximately 15-20 of those insurers respond and 12-15 generally participate in a follow-up interview in September of each year at a meeting held in Chicago. Even though those carriers share certain information about their insureds' premium size overall and other data, anything considered proprietary is kept confidential by those carriers. They will offer some general responses to the types of architects and engineers' practices that they will underwrite but it is not information that can be translated into use by an individual architect or engineer. They can sometimes give insight into loss trends from their perspective which is helpful to architects.

While some of this information is interesting and helpful for an architect, the only way to truly safely navigate through the morass of companies, insurance applications, insurance policies forms, etc. is to either have a risk management and insurance professional on staff or rely on the services of an insurance broker or independent consultant.

The question is, how can you as a practicing architect, rest assured that the professional liability insurer that you have is the best one for you? Not all of the 50+ carriers will underwrite your practice. Your charge is to find the carrier that will insure your practice, and at the most competitive price. The commendation criteria which the AIA used until 2011 in its relationship with Victor and CNA required that the insurer demonstrate a commitment to the architect professional liability marketplace for a long period of time and that the insurer have quality claims and risk management services available for architects. The AIA no longer commends a carrier; however, the AIA Trust recommends the Victor and CNA program for AIA members, now known as the AIA Trust Professional Liability Insurance Program. The AIA Trust makes its recommendation based on its evaluation of the program measured against the following criteria:

1. The insurance carrier(s) and/or Managing General Agents (MGAs) should be able to provide high quality coverage, customer and claims service including pre-claims services and panel counsel with A/E defense expertise, in the territory in which it is licensed to operate.
2. The insurance carrier(s) and/or MGAs, must have provided continuous professional liability coverage for a significant number of years with a minimum of three years; and have a demonstrated commitment to the professional liability market for architects and engineers including but not limited to:
 - Practice area;
 - Firm size;
 - Delivery methods.
3. The insurance carrier(s) should be approved for surplus lines or preferably licensed (admitted) in the states, the District of Columbia, Puerto Rico and U.S. territories and possessions in which they operate. The carrier(s) shall possess a policyholder's rating no lower than "A-" and a financial size category of XI or greater in the latest A.M. Best ratings.
4. The insurance carrier(s) and/or MGAs shall engage in a collaborative dialogue with the AIA to address coverage issues, claims and loss experience, rate structure and underwriting results of the program. The information shared with the AIA will be used to monitor and enhance the professional liability program.
5. Comprehensive proactive programs, including but not limited to contract review and loss prevention/risk management, should be provided to all AIA members directly, through the Institute and its Components, or by way of other support or benefit to the Institute.

In today's internet world, you would think you could Google professional liability insurers, fill out some basic information on-line and then receive proposals via e-mail from several insurers. You would then ask a few questions, get answers and make your decision. You can do that with homeowners, auto liability and umbrella liability insurance -- why not professional liability insurance?

Unfortunately, it does not work that way with professional liability insurance because an individual insured does not have the capability to seek a quote directly from an insurer. Virtually all of the professional liability insurers require the use of a broker and/or agent for access. Not all brokers have relationships with all insurers, either. Some insurers only deal with specialized agents within a particular state and others have third parties (managing general agents) as underwriters. The problem that the architect has is in finding out who is the best broker and which broker has the best relationships with the carriers that will write their particular practice. The only way to know that is through a selection process which may also involve the use of RFQs (Request for Qualifications) and interview of brokers to determine which one or two can do the best job for one's firm. It can be a daunting task and one which may be made somewhat simpler by some of the suggestions in this article.

Basic Considerations

Your first step in assessing your professional liability insurance needs is to consider your firm's exposures. Some of the issues the underwriters will want to review prior to making a proposal include the following:

1. Size of total billings
2. States of operation
3. Professional liability claims history
4. Use of written agreements on all projects
5. Other firm services including pollution clean-up, remediation or containment

6. Percentage of billings of your firm in various professional categories such as architecture, construction management, interior design, landscape architecture, etc.
7. Whether your firm is also involved in providing civil engineering, structural engineering, mechanical engineering, etc.
8. Billings applicable to feasibility studies, master plans, construction management or program management, facilities or operations
9. Percentage of all project types, such as airport facilities, apartments, bridges, condominiums, hospitals, single family residential, parking structures, schools, etc.
10. Project requirements
11. Contract requirements

In different surveys done by the AIA and AIA Trust during the great recession starting in 2008, many architects decided not to purchase professional liability insurance. Before making such a difficult decision, an architect needs to understand the objectives of professional liability insurance and its very nature (i.e., claims-made protection).

There are many reasons why an architect should consider the purchase of professional liability insurance which include:

1. Business survival – defense costs alone plus potential damages can easily bankrupt an architectural firm due to the liability loss potential.
2. Continuing operations – if you do become involved in a professional liability suit, this coverage will provide you the financial resources to defend such a claim and also allow you to preserve your reputation and maintain cash flow in order to remain in business. The firm should also have earnings stability as you will be able to continue working during suit proceedings.
3. Contract requirements – Many projects include a requirement for professional liability insurance subject to a certain predetermined limit. Certain projects require separate project professional liability insurance just for that work alone, independent of any other work done by the architect.
4. Social responsibility – A properly designed professional liability policy can protect the architect, the architect’s employees, customers and others against losses and provide an avenue of resources for those entities that are harmed.

Claims Made Feature

One of the unique aspects of professional liability insurance for architects is that the coverage trigger differs from most liability insurance. With general liability or automobile liability coverage, if there is an occurrence such as an auto accident that results in claims made in the future, the coverage trigger is the date that the “occurrence” takes place. In other words, if the date of the accident is January 1, 2015, and a lawsuit is brought July 1, 2017, it is the policy in force on January 1, 2015 that will defend and pay any subsequent judgments. In some cases, depending on the statute of limitations in different states, the claim may be made several years after the date of the occurrence.

With “claims made” coverage, in the above example, the “claims made” date which triggers the coverage will be July 1, 2017. In the above case with professional liability insurance, the date that the claim is finally made is the triggering event. Therefore, if there was an event of which you were unaware prior to your current claims made professional liability policy period, then it is critical that you continue to

maintain professional liability coverage with no restriction as to a “retroactive date”. A fairly typical definition of a “retroactive date” is the date on or after which any alleged or actual act, error or omission must have first commenced in order to be considered for coverage under the policy. A declarations page of a professional policy might indicate “full prior acts” in which case, there is effectively no “retroactive date” and thus no restriction as to the date of the alleged or actual act, error or omission.

However, if you are aware of an act, error or omission which might result in a claim, then you must notify your current insurer immediately. If you fail to make the notice and you change carriers, then it is likely you would have no coverage with the new insurer.

Insurance Carriers

As mentioned earlier, there are over 50 professional liability insurers providing coverage to architects throughout the United States. The question to the architect is how do I know which one to approach and which is the best carrier for me? The AIA Trust has created a Professional Liability database of 40+ insurers which can be accessed through the AIA Trust website. The AIA Trust database includes information on types of risks written by the carriers, underwriting restrictions, Best’s ratings of the insurers, liability limits available, insurer services, etc. The database allows you to search and compare insurers and generate comparison reports. It also gives tips on how to market the coverage and how to compare the coverages from the different insurers. Not every insurer has given the AIA Trust information to include but the Trust makes every effort to keep the database as up to date as possible. This information can be helpful to the architect in choosing between different insurers and can be a supplement to information available from their brokers. The annual survey that was referenced earlier done by NSPE, ACEC and AIA attempts to secure as much information as possible, but the carriers are reluctant to disclose anything considered proprietary. While that survey provides some interesting information and comparisons between the carriers, only 15 or so carriers respond on an annual basis leaving more than 30 off the survey. How then is an architect to make a decision as to which carrier to use?

In a survey commissioned by the AIA Trust, architects were asked for their top five considerations in purchasing professional liability insurance. The top five considerations in order of importance according to the survey are:

1. Premium price
2. Relationship with local brokers
3. Excellent claims service
4. Reputation in the architects/engineers workplace
5. Full prior acts coverage when switching carriers.

The next most important considerations were the insurer’s Best’s Ratings and risk management educational programs and benefits offered by the carrier. Best’s Ratings are financial strength and financial size ratings of insurance companies done by the A.M. Best Company. Best’s Ratings are the oldest and most widely accepted insurance company ratings in the United States. The most important reason for a change to their current carrier in the survey was premium price. In another question, the architects answered that the most important outside influence on their decision as respects the professional liability insurance carrier was the broker recommendation. The next most important factor was an AIA or AIA Trust relationship with the chosen carrier. It is clear then that architects rely heavily on their insurance broker in the selection of a professional liability insurer. Therefore, a critical step in choosing the best insurer for your professional liability exposure is in the selection of the broker itself to access the marketplace.

The Professional Liability marketplace has been competitive and thus generally favorable for architects for a number of years. Nonetheless, how can an architect be certain that he or she is paying a competitive rate for their professional liability insurance? Because of the way the professional liability insurance is marketed by the insurers, an architect does not have the ability to directly approach an insurer for a proposal. Virtually all of the major carriers require that there be an agent/broker. Plus, some carriers will only deal with certain agents. An architect must go through a selection process for the agent/broker to be certain that the insurance marketplace is appropriately searched.

Agent/Broker

In this article, we use the term agent/broker interchangeably, but there is an important practical difference. An agent represents the insurance company whereas a broker represents the insured. Some of the brokers also are agents for different insurers. It is important that you, the architect, know the difference when speaking with an agent/broker. As a practical matter, most insurance placements for professional liability for architects are made with the intermediary as a broker, not an agent. Since the broker represents the architect, they cannot speak for the insurer. If a broker says that a policy is bound, they must secure evidence of that from the insurer since they are not in a position to speak for the insurance company.

Broker Selection

One avenue for the architect to seek help with the broker selection process is the advice of fellow architects. An AIA Trust survey of its former and current trustees and other selected architects indicated that a fellow architect recommendation for a broker and/or insurance company has a significant impact on the insurance buying decision. That AIA Trust survey also asked architect respondents to indicate what they felt a broker did not do well for them and what mistakes they may have made in the past selection of professional liability coverage for the firm. There were far fewer comments about the broker shortcomings than positive comments about their professionalism. The members often thought that their broker did a very good job of presenting them with different options for professional liability insurance and then making an ultimate recommendation for the proper carrier. Other positive comments included that they are very proactive in identifying industry trends and in responding quickly to contract review requests from architects.

One negative comment was that the broker was perhaps too quick to renew with the current carrier and that perhaps the broker had too much control of the application process since the client was uncertain about some of the responses in the application. There were also a couple of comments concerning less than timely handling of applications and returns of policies as well as slow responses to requests for certificates, endorsement quotes, etc. The architects thought their biggest mistakes in the past selection of professional liability coverage had to do with accepting a price that was too high without seeking alternative proposals and not insisting on multi-year policies. One also felt that coverage limits were too high and perhaps they were too loyal to their prior agent as opposed to requesting other broker proposals.

How Many Brokers

The first question you must ask yourself is: Do I use one broker or several brokers to approach the insurers on my behalf? The brokers would prefer that you select one and then allow that broker to access the available markets. However, that overlooks the special relationships that some brokers have with certain insurers as well as the fact that brokers do not have relationships with every potential insurer. How does each broker then differentiate themselves among several brokers who are interested in proposing on your professional liability policy?

The AIA Trust prepared a broker survey with several questions about marketing professional liability insurance. The broker respondents recommended that an architect ask the following questions of a prospective broker in order to determine the broker's ability to secure the best product. The suggested questions are:

1. Does your firm specialize in professional liability for architects and engineers?
2. What services does your agency provide other than the procurement of insurance?
3. What architects do you represent that are similar in stature and practice to my firm?
4. Which insurance companies do you have access to and which do you use regularly?
5. How many other architectural and engineering clients do you represent? (Give references)
6. What is your approach to marketing professional liability insurance for our firm?
7. How much architects and engineers professional liability premium volume do you place with various insurers?

When considering which brokers to use, as an architect you need to ask each broker about which carriers he uses, what their relationship with each is like, and the premium volume he handles with each carrier. If you have initiated discussions with two or three brokers and have asked them the questions listed above including the question about carriers they would prefer to use for quoting on your account, you then need to compare each broker's list of carriers to look for overlaps and conflicts. Where there are conflicts, it is important to know the relative relationship each of the brokers has with that carrier to determine who should be assigned that market. It is critical in this process that the architect control which broker is assigned which markets in order to be certain that you receive the best possible offers. It is also possible that, based upon your firm's risk profile, only one broker should approach the marketplace on your behalf. You will not know that until the brokers have presented their answers to your questions and the markets they wish to approach.

Other information for which you will need to rely on the broker is whether the insurer-respondent has excellent claims service and outstanding customer service specifically relating to contract review and pre-claims defense assistance.

Other Criteria

For over 50 years, the AIA commended a professional liability program provided by CNA in conjunction with Victor Insurance Managers. In order to secure the continued commendation of the AIA, there were specific criteria with which the insurance carrier had to comply. The AIA commendation AIA ended in 2011. CNA continues to offer professional liability insurance for many architects and while no longer commended by the AIA, the program with Victor and CNA is sponsored by the AIA Trust.

Broker Strengths: The Insurance Application

The AIA Trust survey of current and former trustee architects of the Trust and other AIA members asked what the architects thought their broker did well. Answers included the following:

1. Gathers quotes from multiple carriers; ranks the carriers and proposals and advises accordingly.
2. Knows the market well and gets all available quotes.
3. Advises us about insurance options, facilitates during the whole process and advises the necessary steps.
4. Proactive in sharing industry trends; offers constructive criticism of practices and offers continuing education presentations to staff.
5. Responds to contract/insurability questions the same day.
6. Performs strong customer service.

A good broker is an extension of an architect's staff and provides a very valuable function. One of the often overlooked functions is assistance in the completion of the professional liability application. The application is critical to the underwriter being able to provide a comprehensive quote. Applications can be as simple as one page and as long as ten pages or more. Small firm (less than \$1,000,000 in billings) applications are generally shorter and fairly simple. Medium size firm (\$1,000,000 - \$5,000,000 in billings) and applications for large firms (> \$5,000,000 in billings) are more complicated. They ask very specific questions as respects the percentage of your billings in different practice categories, specific questions about contracts, sample contracts, questions concerning sub-consultants, etc.

The difference between the application for professional liability insurance and other potential applications such as for property and general liability insurance is that the professional liability insurance application includes a warranty statement – which generally involves two statements. The first is whether or not any claims have been made or legal action brought in the past ten years against your firm, its predecessors or any past or present principals, partners, officers, directors, shareholders or employees. If there is a yes answer to any of those, the insurer will request supplemental information. Per the terms of that question, you must research the past practices of any current employee, officer, partner, principal who has been with your firm less than ten years. The ability to secure any information about those past claims and practices may be difficult.

The second warranty-related statement asks whether any of those same principals, partners, officers, employees, etc. have knowledge of any act, error, omission, fact, incident, situation, unresolved job dispute, accident, or any other circumstance that is or could be the basis for a claim under the proposed insurance policy. Again, a 'yes' answer will require significant details. It is this last question which presents significant difficulty at times when and if a subsequent claim is ever presented. One of the first questions that the insurer's claims adjuster will ask the architect is whether or not they were aware of the act, accident, error, etc. prior to the current claim being made and whether they had that knowledge prior to signing the application. A broker's experience in assisting in the completion of the application and being able to answer questions concerning the intent of various questions is very important. While they will not complete the application for you, they will be of great assistance in completing it appropriately.

Frequency of Proposals

One question often pondered by architects is how often they should request alternative proposals for professional liability insurance. When asked, one broker responded that an architect "should never have to seek alternative proposals. A high quality A&E broker is always going to be engaged in that activity on behalf of their clients." A second national broker responded that the architect should rely on the advice of a specialist A&E professional liability agent "to advise them of the current market conditions and whether or not the A&E firm has specific issues that would necessitate marketing the firm to multiple insurers." A third national broker suggested that an architect should seek alternatives "every 3-5 years."

There are any number of issues that could necessitate an architect seeking proposals. Changes in professional practice, poor claims history, a change in the Best's rating of an insurer, a change in personnel at the broker, a change in underwriting practices by the insurer, a seemingly unnecessary increase in premium or reduction in limits or other coverage restrictions, etc. are all reasons enough to seek alternatives. There has been an extended period of very competitive pricing for architects and engineers professional liability insurance with significant growth in the number of insurers participating. The number of insurers available to write that particular business has tripled over the last two decades. The key is to know when it is time for you to seek alternatives. While one of the national brokers

responding to the survey indicated that you should never need to seek alternative proposals from other brokers, *periodic discussions and the exploration of seeking proposals from other brokers are in your own best interest*. The end result of the investigation might be that your current broker has adequate representation in the marketplace and seeking alternative proposals would not help, but it is important to do that initial investigation.

Policy Forms

If you do seek and secure alternative proposals from different brokers or different insurers with the same broker, it is critical that you and/or your broker or brokers do a side-by-side comparison of the policy forms of the different insurers. Forms are generally similar but are not identical. Many of the same exclusions appear in all the forms but not in identical fashion. The wording of one may be preferable to another. When considering switching carriers, it is critical to understand the “claims made” feature of the contract and whether a new carrier will insist on a new “retroactive date.” If you have a new carrier that is much less expensive than your current carrier for the same limits and deductibles but has a retroactive date that is the same as the inception date of the new policy, then the policy is not of much use to you. It is critical when replacing carriers that the “retroactive date” if any, be no later than the “retroactive date” on the prior policy. Insurers in this soft market over the past ten+ years have generally been willing to forego the need for a new “retroactive date.” Therefore, it has been fairly easy to move from one carrier to another. As the market changes, or as you may report incidents on an application which may result in a claim, then policy provisions will likely be more restrictive in terms of moving forward a retroactive date. Your brokers should discuss the implications of any such restriction with you and make an appropriate recommendation.

Top Considerations

In an AIA Trust survey of architects, the architects were asked what they felt every firm should use as their top consideration when selecting professional liability insurance coverage for the firm. The answers can be summarized as follows:

1. The carrier’s reputation in facilitating and reaching fair settlements.
2. Understanding all of the various coverage options and choosing based on your priorities.
3. Claims service of the insurance carrier.
4. Specific knowledge of the A&E professions.
5. Experience.
6. Strong Best’s rating.
7. Outstanding customer service.

Architects were also asked for their key advice to a firm selecting professional liability insurance for the first time. Their answers include:

1. Get as many quotes as possible.
2. Research the broker with the best reputation in the area.
3. Research an insurance carrier’s claim service and longevity in the market.
4. Ask other firms for their recommendation and experiences with brokers and companies.
5. Look for a history of long-term relationships with the broker.
6. Select knowledge, service and track record over price.
7. Work with a broker you have confidence in and interview current clients of the carrier that you were considering using.
8. Consult professional literature and insurer surveys that benchmark policies and carriers before making a decision.

All these recommendations are helpful and should be considered.

Emerging Trends

The AIA Trust asked the brokers what they saw as emerging trends in this marketplace. Their answers varied in their focus. One broker opined that “carriers will seek to push to raise rates and restrict capacity as they continually seek a 15% return on equity which has not been achieved in the A&E market segment for many, many years.” Another broker expected to see new products to address full blown Integrated Project Delivery (IPD) projects. They also expect to see additional coverage extensions on policies for cyber liability. Another broker also expected to see rates trending up and a new focus on claims service. They also felt that clients were requiring higher limits for their policies. They also expected to see broader use of Building Information Modeling (BIM).

One of the old criteria for the commended program was that the insurance carrier be approved for surplus lines or preferably licensed (admitted) in each state. The original criteria from many years ago required that the commended carrier be “licensed” in every state which effectively precluded many of the professional liability carriers from being considered for the commended program. The original intent behind the requirement that the carrier be “licensed” is that, in the event of insolvency of the carrier, each state’s Guaranty Fund would respond in the event of a claim against an architect. Many of those guarantee funds initially did not have limits of liability applicable to each claim. In other words, if you had a \$10,000,000 professional liability limit, the Guaranty Fund would apply up to that limit of liability on your policy. However, over the years those Guaranty Funds have limited their exposure to any one particular loss so that in some states the limit available may be as low as \$300,000 per claim. There are also restrictions in most states that if an insured has a certain asset value, then the Guaranty Funds do not apply at all. Most architecture firms would still qualify for coverage under the Guaranty Fund.

The AIA Trust asked the national brokers their view on use of a licensed versus an excess and surplus lines insurer for the coverage. One broker replied that it could be meaningful or meaningless. From a financial stability standpoint, it was noted that there is “very little evidence that non-admitted or excess and surplus lines carriers have a higher failure rate than admitted carriers. Non-admitted carriers often have flexibility of rate and form filings that can prove useful in customizing coverage.” It was also pointed out that the downside to the flexibility of form filings is that coverage forms can sometimes have serious shortcomings that may not be revealed until there is a claim. One particular broker claims to access admitted carriers more than non-admitted carriers on firms with less than \$20,000,000 in revenue. However, the non-admitted carriers offer critical capacity in the larger and/or hard to place risks.

Another broker said that using admitted versus non-admitted carriers is not a huge issue, assuming the non-admitted carrier is financially stable. More important in their opinion is the policy form, claims services, pricing and length of time the insurance company has been writing architect and engineers professional liability insurance. One broker proclaimed that price should not be a reason for an architect to select a surplus lines insurer. “The true benefit of non-admitted insurers is that they can easily develop customized endorsements and modify pricing to deal with unique situations.” Admitted insurers can only offer coverage and pricing with rates and forms preapproved by the insurance commissioner in a given state. In view of the changes made by most states as respects coverage of the Guaranty Funds, having a “licensed” carrier as the professional liability insurer is not as critical as in years past. Most of the carriers involved in this market do so on an excess and surplus lines basis giving them certain freedoms in terms of rates and forms. It is incumbent upon the broker and the architect to know the status of the carrier and to be cognizant of form differences.

Professional Liability Limits

An important question not often addressed in any literature or articles about professional liability insurance is the professional liability insurance limits that a firm should carry. There is no easy answer or standard that can be applied to the firm's size or location or type of practice that will give an architect a proper answer. Sometimes the truth is that a firm can't purchase high enough limits to cover the potential exposure of a project. When dealing with large value locations, stadiums, dams or any large construction project, the potential professional liability limits that an architect can purchase will not be sufficient to cover all of the potential bodily injury, property damage and loss of use claims that could arise from a major disaster.

Small firm insurers generally offer a minimum of \$500,000 or \$1,000,000. That limit of liability shown on the declaration page of the policy is generally both a per claim limit as well as an annual aggregate limit. Claim expenses such as defense costs are generally subject to and included within the overall aggregate limit of liability. This means that the costs of lawyers in defending a case will reduce the amount of limit available to pay damages. It is not unusual in the event of a serious case that the cost of defense and expert witness fees could be several hundred thousand dollars.

Other factors regarding coverage limits that should be considered are:

1. Limits required by client contracts.
2. Effectiveness of risk management tools such as contracts which limit an architect's liability for damages.
3. What other similar size firms with similar practices carry for limits.
4. Limits of liability equal to annual billings.
5. The general controls the architect may practice on projects to guard against loss.
6. Loss frequency for the type of projects for the firm.
7. Potential loss severity for the types of projects of the firm.

Most brokers would suggest that a minimum of \$1,000,000 is appropriate for a small firm with minimum limits of \$5,000,000 for a medium size firm. It is also important to remember that umbrella liability coverage purchased by the firm generally does not apply to professional liability claims, but only to automobile liability and general liability.

Summary

When selecting professional liability insurance for your firm, there are certain key points to remember. First, not every insurer is appropriate for your firm. There are a multitude of carriers but the key is to determine which ones are appropriate for you. Unless you have risk management staff in your firm, you will have to rely on the expertise of your chosen broker or an independent insurance consultant. Because of the specialty nature of this coverage, the fact that coverage forms differ from one insurer to another, and that pricing and appetite for certain risks varies by insurer, it is critical that an experienced broker be chosen. You can seek out specialty brokers by contacting any of the following:

1. Fellow architects
2. Local AIA components
3. Carriers who only deal with specialty brokers
4. Contact specialty broker networks like Professional Liability Agents Network (PLAN), A/E Pro Net, A/E Choice Broker

The AIA Trust includes several online broker networks on its database under “Finding a Broker” along with some articles about selecting and working with brokers. to aid the architect in selecting a qualified broker as a resource.

Once you have brokers to interview, be sure to include at least the following questions:

1. How long have you been providing broker services to the architect/engineer industry?
2. What broker services do you offer for architects?
3. Do you provide contract review and other risk management services?
4. What carriers do you have relationships with and what is your approximate premium volume for those carriers?
5. Do you include as clients other architects similar in stature and size to our firm?
6. Which insurers would you propose to use on our risk?

Once you have those answers and are convinced that one or several brokers can provide the necessary services, then you need to decide whether to use one, two or more brokers. The key issue in that decision is access to markets. As part of the process, the architect needs to control the markets that the brokers will use. If there is adequate representation for more than one broker to access the marketplace without overlap of carriers, then more than one broker should be utilized for proposals.

When submitted, the broker must compare policy forms, Best’s ratings and services of the different carriers and make a recommendation to you. Once the process is completed, the architect will be well informed and be able to make a wise insurance buying decision.

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