



Professional Liability for the Traffic Engineer...

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Overview of Topics

- The Professional Liability Formula
- Insuring Agreement
- Claim vs. Circumstance
- Reporting Procedures
- Current State of the PL Market



The Professional Liability Formula

Insured + Wrongful Act + Professional Services +
Claim = A Covered Claim

(Unless it is specifically excluded)



The Professional Liability Formula

Note: This is not a representation of all professional liability policies. Review your specific policy to understand how your insurer covers the following issues.



INSURING AGREEMENT

To pay on behalf of the INSURED all sums in excess of the Deductible, subject to the Policy Limits of Liability, which the INSURED shall become legally obligated to pay as DAMAGES and/or CLAIM EXPENSES as a result of CLAIM(s) first made against the INSURED during a POLICY YEAR...



INSURING AGREEMENT

within the POLICY PERIOD and first reported to the Company, in writing, during that POLICY YEAR or within sixty (60) days after the end of that POLICY PERIOD.

-Must arise out of a WRONGFUL ACT committed before the Retroactive Date.



INSURED

A partner, principal, director, officer, or employee of an INSURED, but only for PROFESSIONAL SERVICES performed for a NAMED INSURED.

- **NAMED INSURED:** means the individual, partnership, trust, corporation, or entity stated in Item 1. of the Declarations.



WRONGFUL ACT

Negligent act, error or omission in the performance of PROFESSIONAL SERVICES by an INSURED or any person or entity for whom the INSURED is legally liable.



PROFESSIONAL SERVICES

Means those services performed for others in the practice of architecture, engineering, land surveying, landscape architecture, interior design, construction management, environmental consulting, including....



PROFESSIONAL SERVICES (continued)

Studies, surveys, assessments, evaluations, consultations, inspections, observations, scheduling, sequencing, training, opinions, reports, recommendations, permit applications, maps, drawings, designs, specifications, etc...

CLAIM

Demand received by the INSURED for money or services and which alleges a **WRONGFUL ACT** arising from the performance of **PROFESSIONAL SERVICES**.

- Includes, but not limited to lawsuits, petitions, arbitrations or other alternative dispute resolution requests.

Key Exclusions

- Intentional/Dishonest Acts
- Ownership Interest
- Insured vs. Insured (additional insured)
- Actual Construction Services
- Express Warranties and Guarantees

Key Exclusions, Continued

- Contractual Liability
 - Exclusion does not apply to liability that you would have in the absence of a contract
 - Examples:
 - Indemnifying for negligence other than your own
 - Warranties, Guarantees, etc.

Key Exclusions, Continued

- If you agree to contracts that accept liability beyond your negligence, you may be assuming risk that is not covered by your insurance policy

“State” of PL Insurance Co’s.

- CNA- \$503,000,000 loss in Q4 2008
 - Stock Price: 3/2008: \$26.00 3/2009: \$7.46
- XLDP- \$1,430,000,000 loss in Q4 2008
 - Stock Price: 3/2008: \$35.00 3/2009: \$3.12
- AIG- \$62,000,000,000 loss in Q4 2008
 - Stock Price: 3/2008: \$55.00 3/2009: \$.43

“State” of PL Insurance Co’s.

- At least 18 different insurers writing PL for Design Professional
- Investment Income of Insurers took huge hit in 2008, and into 2009
- Market continues to be “soft” despite this

“State” of PL Insurance Co’s.

- What to be watchful of:
 - Financial stability of Insurer (A.M. Best)
 - Experience insuring Design Professionals
 - Admitted/Non-



Final Questions????

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