



Secondary Professional Liability Insurance Program

November 2018





Program Purpose

Individual engineers and geoscientists have:

- Professional liability insurance arising out of professional services that they provide outside of regular employment. Specifically, covering moonlighting if professional fees total less than \$15,000 per year; and
- Coverage as mentors helping other less-experienced individuals develop specific skills and knowledge; and
- The ability to seek advice in whistleblower matters.



Program Purpose (continued)



Coverage is mandated to members in good standing with the following associations:



Northwest Territories and Nunavut
Association of Professional Engineers and Geoscientists



A P E G G S
*Association of Professional Engineers
& Geoscientists of Saskatchewan*



Ordre des géologues
du Québec



**ASSOCIATION OF PROFESSIONAL
GEOSCIENTISTS OF ONTARIO**



**ENGINEERS
GEOSCIENTISTS
MANITOBA**



Engineers Yukon



**ENGINEERS &
GEOSCIENTISTS
BRITISH COLUMBIA**

**GEOSCIENTISTS
NOVA SCOTIA**





Coverage Details

- Per Claim Limit: \$250,000
- Per Project Limit: \$500,000
- Annual Policy Aggregate Limit: \$20,000,000
- No Deductible
- Legal Costs: in addition to the limit (unlimited in Canada)
- Sublimits
 - Whistleblowing
 - Legal Advice \$75,000
 - Loss of Income \$75,000
 - Outplacement Services \$10,000 - new



Coverage Details (continued)



- Full limit for Cyber Network Security – new
- Disciplinary proceedings - \$30,000 sublimit – new
- Loss of documents - \$5,000 sublimit – new
- Crisis event management - \$15,000 sublimit - new



Program Features

- Protection for claims resulting from actions undertaken as an employee in an engineering position in a firm whose main business is not to provide consulting engineering services;
- Protection for former employees of firms that no longer carry insurance (Follow me coverage); and
- Protection and assistance for members with “Whistleblower” matters;



Program Features (continued) **HUB**

- Protection during retirement for past professional acts when previous employment coverage is not available; and
- Including coverage to the legal representative of a deceased member; and
- Protection for gratuitous or incidental advice to others outside of normal employment; and
- Protection for small consulting jobs (\$15,000 or less in fees) undertaken outside of normal employment.



You are not covered if...



-
- You are a firm, company or entity and employ engineers and/or geoscientists.
 - You are a member who is not in good standing with an insured association.
 - You are a decision maker (director, officer, sole proprietor or shareholder with more than 10% of shares) within the following waiting periods:
 - 6 months after the firm goes bankrupt or
 - 24 months after the firm ceases to operate.
 - You are a decision maker of a non-consulting firm that designs and builds, installs or fabricates – except for claims related to your professional judgment on engineering and geoscience matters that the decision maker has personally provided.
-



You are not covered if... (continued)



- You make more than \$15,000 per calendar year by moonlighting.
- The claim is due to infiltration of precipitation into a building envelope for a building located in British Columbia for which professional services were performed prior to August 1, 2000.
- The suit is brought against you by an entity in which you maintain cumulative ownership interest greater than 25%.
- Dishonest, fraudulent, malicious or criminal acts.



Did you know?



Statistic	Fact
\$50,000	Average claim paid by XL Catlin
3.2 years	Length of time a claim takes to settle; if it is not settled during the first year

The secondary professional liability program saves engineers and geoscientists both time and money!



Claims Examples – Incidental Employment



Employee for General Contractor

- An engineer worked as an employee of a general contractor and held the title project manager.
- Client thought that the employee had additional responsibilities related to engineering.
- The building was not erected at the proper location and there were structural engineering problems.
- XL Catlin defended the engineer and found that the employee did not have any professional engineering responsibility.
- Member was not negligent

Damages Paid: \$40,000 | Defense costs: \$30,000





Claims Examples – Design Error



Design Error

- An engineer was hired to design the foundations of a residential home and to perform construction observation.
- Six years later, the residence suffered slope settlement failure.
- Homeowner claimed that design of the foundations were deficient. The wrong unit of measurement (imperial versus metric) was used for loading calculations of foundations resulting in sloping.
- Engineer did not procure or use a geotechnical analysis of the soil.
- Work completed in 2006. Engineering firm closed in 2007. Claim made against engineer in 2015.



ILLUSTRATION: IMAGES.COM/CORBIS

Damages Paid: \$150,000 | Defense Costs: \$50,000



Claims Examples – Retired Engineer



Retired Sole Proprietor - Work done prior to retirement.

- An engineer designed a retaining wall to provide a home with flood protection, as the home was built next to a river.
- Home was damaged by flood ten years after retaining wall was built.
- Homeowner claimed that the engineering design was deficient and the wall was built in the wrong place, compromising the home's flood protection.
- Work completed in 1987. Engineering firm closed in 1990. Claim made in 1997 against retired engineer.
- Coverage: available to decision makers of firms that have ceased to operate after a two year waiting period. Coverage is for design work only.



Damages Paid: \$100,000 | Defense Costs: \$20,000



Claims Examples – Whistleblowing



Whistleblowers

- An engineer works at a large mining company.
- He believes there is a possible contravention of the firm's ethics.
- Engineers called XL Catlin to obtain the name of their lawyer.
- XL Catlin paid for the legal consultation with their lawyer up to the limit (which has since increased to \$75,000).



Legal Costs: \$7,070

Loss of Income: \$50,000



National Claims Experience

PROGRAM YEAR	CLAIM PAID	NUMBER OF CLAIMS
2002 - 03	279,416	14
2003 - 04	349,380	14
2004 - 05	304,194	18
2005 - 06	298,868	18
2006 - 07	459,516	14
2007 - 08	744,689	19
2008 - 09	773,753	29
2009 - 10	547,340	18
2010 - 11	299,622	20
2011 - 12	60,756	8
2012 - 13	68,874	7
2013 - 14	174,514	7
2014 - 15	229,966	13
2015 - 16	458,563	9
2016 - 17	85,390	13
2017- 18	26,851	10



Claims Summary by Employment Type



Secondary Professional Liability Insurance Program Claims Summary By Type of Employment – Excludes 2017-2018 claim details						
Discipline	Type of Employment					
	Sole Prop Retired Past Work	Other Retired Past Work	Consultant Past Firm Not Insured	Employed in Non-Consulting Current Work	Moonlighting	Other
Structural	12	6	29	21	10	13
Civil	3		8	6	10	5
Geotechnical	3		3	2	2	1
Process	1	1		1	2	
Multi				2		
Non/Engineering	1		1	1		1
Inspection			3		11	1
Electrical/Mechanical	3	3	7	10	1	3
Engineering	5	2	1	3		
Qual.Cntrl Eng.			1			
Water Ingress	3		4			
Misc.	3	3	4	3		2
TOTAL	34	15	61	49	36	26



How do I make a claim?



For immediate verbal notice of a claim,
call the XL Catlin claims department:

416-363-2914 or toll-free at **800-665-2222**

Request a Claims Report Form and fax this directly to the insurer,
XL Catlin, at:

416-363-8038



Questions?



Contact Pro-Form Sinclair Professional at

800-361-9080

Or contact your association office for a copy of the Policy.