



Making an Informed Choice

Dear Policyholder:

In the last few years, a number of different insurance products have been offered to Ontario architects. A choice of insurance providers is a good thing, but it's important to make *informed choices*.

So it seems prudent to consider the benefits of these various offerings – especially in comparison with the professional liability insurance that protects architects and the public in Ontario. At its lower limit, this insurance is mandatory in this province, with higher limits available, as you choose.

As your specialized advisors for insuring architectural services, we encourage you to read the fine print in any policy you are considering (including ours). How well does the company understand your practice? How well will they respond to your specific needs if or when a claim appears? Will your insurer have your back and be able to provide appropriate advice – insurance, legal and architectural? In this province, architects are insured by architects who understand their problems and concerns, with in-house licensed architects providing advice and handling your claims.

Pro-Demnity operates essentially as a not-for-profit corporation, wholly owned by the OAA, whose sole source of revenue is policyholders' premium contributions. All income goes into a fund that pays claims and provides legal and expert support. This, in turn, helps to reduce the cost of premiums, or at least to slow their increase.

The income derived from increased coverage under a Pro-Demnity policy goes into the same fund to protect Ontario architects.

Much of Pro-Demnity's unique professional service is not found in other policies. For example:

- Retired architects and their estates are covered, at no cost – currently, around 934 former holders of Certificates of Practice benefit from this free service;
- The considerable and increasing cost of legal and expert representation is absorbed by the Pro-Demnity fund and is not subtracted from the liability limit – all of your policy amount goes toward settling the claim;
- The deductible is on a sliding scale – if your settlement is less than your policy amount, your deductible is correspondingly less;
- Pro-Demnity continually offers free advice, from in-house licensed architects – the benefit of this service is that it helps architects avoid the disruption of insurance claims, and leads to lower premiums;
- The Policy is seamless, ensuring that there is no conflict between Pro-Demnity and any excess insurer, regarding coverage or claims-handling philosophy. In addition, there is no risk of claims being negated due to the policyholder's failure to report the claim to the excess insurer.

As usual, if you have any questions about policies you are considering, or about your existing Pro-Demnity policy, call us. In the meantime, we strongly suggest that you use the attached Due Diligence List, or your own version of it.

Due Diligence List

Some points to consider :

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- ▶ What do you know about the new entrant to the marketplace?
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- ▶ How long has it provided professional liability to Ontario Architects?

Pro-Demnity, XL Capital, and ENCON have existed for over 30 years.
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- ▶ How are claims handled and by whom?

Pro-Demnity has a philosophy of a very vigorous defense, recognizing that its profession wishes to ensure that only legitimate claims should be paid. In-house licensed Ontario architects take the lead in defending you rather than an insurance adjuster.
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- ▶ How will advice be provided on client/ architects agreements, the impact of the Architects Act and its regulations, practice matters, and liability issues?

Pro-Demnity as a subsidiary of the OAA is familiar and engaged in matters affecting the profession. The advice is provided by in-house licensed Ontario architects.
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- ▶ Have you thoroughly reviewed your records to ensure that there are no claims or circumstances likely to give rise to a claim that have not been reported to your existing insurer?

A new insurer will not insure any claims or circumstances that were known or which you ought to have reported to your last insurer.
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- ▶ Are the Limits the same?

If different, evaluate the impact, particularly if you have more than one claim.
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- ▶ Are claims expenses IN ADDITION or included in the limits of liability?

Claims expenses included in the limits of liability erode the amount payable as damages.
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- ▶ Does the excess insurance include a deductible? ...and is it affordable?

This may mean that in the worst circumstances, two deductibles would be payable (the mandatory and excess insurances).
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- ▶ What is the difference in the terms, conditions, exclusions of the policy, and any endorsements thereto of the new insurance against your former insurance?

This must be provided by the insurance broker advising you on alternative coverage. Any meaningful differences should be carefully evaluated by you before committing yourself.
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