

**GUIDELINES FOR COMPLETION OF
APPLICATION FOR ANNUAL PRACTICE INSURANCE
(RENEWAL)**

IMPORTANT REMINDER

CHECK

- The former practices
- The participation in former partnerships and corporations
- The personal and practice management companies
- The in-house professional engineering coverage
- The affiliated companies

shown on the endorsement to your current Certificate of Insurance.

WHERE A CHANGE in coverage is required, IMMEDIATELY notify Pro-Demnity Insurance Company in writing.

QUESTION 1

The name entered shall be the name shown on the Certificate of Practice as issued by the OAA. Where more than one holder of a current Certificate of Practice is included in the coverage, the name of each holder must be listed in Question 1.

Also enter in line 1.1 name of Principal to whom loss prevention material is to be addressed and the E-mail address applicable.

QUESTION 2

"Members of the Association" are OAA members who are partners, officers, directors, shareholders, associates and employees. "Technical" employees include architectural and engineering technologists and technicians, draftsmen, field personnel and specification writers. "Structural" and "mechanical & electrical professional engineers" are P.E.O. members who are partners, officers, directors, associates and employees.

QUESTION 3

General -

Where more than one holder of a Certificate of Practice is covered, then the fees declared shall include the fees of all the holders as per their last financial statements for the last financial year.

- The Total Gross Fees shown in line 3.1 must include all fees and reimbursable expenses charged for services. This includes fees payable to all consultants and other services you retain or pay for on behalf of your client.
- DO NOT include "Taxes" in your Total Gross Fees for the purpose of the premium calculation.
- Where the current practice replaced a predecessor practice(s) in the last fiscal year, the fees of the predecessor practice(s) shall be included in Questions 3, 4, 5 and 6 of the application. Ensure that the predecessor practice(s) is included as a named insured on the Certificate of Insurance, otherwise **NO COVERAGE APPLIES.**

- Where a holder(s) who is a sole proprietor applicant or is a partner, officer, director, shareholder or employee of the applicant, is covered for participation in a predecessor practice, the portion of the fees from the predecessor practice for the last fiscal year shall be included in the fees declared in Questions 3, 4, 5 and 6 of the application. Ensure that the former sole proprietor or partner is included as a named insured on the Certificate of Insurance for participation in the predecessor practice(s), otherwise **NO COVERAGE APPLIES**.
 - Although there may be fees paid by you to an affiliated company for services rendered solely to you, such fees may not be deducted from the Total Gross Fees declared in line 3.1. Where the affiliated company is not insured separately, coverage is available through Pro-Demnity Insurance Company for "services rendered to the holder". **NO COVERAGE** applies if the affiliated company is not shown on the Certificate of Insurance as a named insured.
- Line 3.1** - The Total Gross Fees declared are as shown in the annual financial statement for the last financial year. Should the year end date have been changed from the previous year, please specify the period to which the total gross fees relate. The basis of the premium rating formula is the average of the last 3 years' fees.
- The fees disclosed in lines 3.1 to 4.5 shall include all fees and reimbursable expenses charged for services as required by the Architects Act and Regulation thereto.
- Line 3.1.1** - Consulting includes the evaluating, advising on or reporting on the construction, enlargement or alteration of a building as shown in paragraph 1(b) of the Architects Act. Further, coverage is provided by the Policy for other consulting which is usual or customary for holders of certificates of practice and should, therefore, be declared. NOTE that consulting fees must be declared only where they are **NOT** included in line 3.1 (Total Gross Fees). If fees have been reported in line 3.1.1, Question 8 must be completed.
- Line 3.1.2** - The value of non-monetary compensation received in lieu of fees must be declared. For example, real estate, automobiles or shares in a corporation in substitution for the payment of a fee.
- Line 3.2** - The royalty or fee derived from the sale, licensing or assignment of copyright, industrial design and patents must be declared and Question 9 completed.
- QUESTION 4**
- Line 4.1** - Only fees for projects for a separately insured Single Project policy has been **issued by an insurer other than** Pro-Demnity Insurance Company must be declared in line 4.1 and included in the Total Gross Fees of the last financial year shown in line 3.1.
- The figure shown in line 4.1 must be the same as the total of the fees shown in Question 14.

- Line 4.2** - Only fees for projects for which a separately insured Single Project policy has been **issued by Pro-Demnity Insurance Company** must be declared.
- The figure shown in line 4.2 must be the total gross fees of the last financial year for the project (**including** consultant fees and reimbursable expenses, if any), as declared in the single project application. DO NOT include any consultant fees or reimbursable expenses for the single project in line 4.3 or 4.4 of the renewal application.
 - The figure shown in line 4.2 must be the same as the total of the fees shown in Question 15.
- Line 4.3** - Fees payable to all consultants and other services you retain or pay for on behalf of your client. **DO NOT** include fees paid to **other holders** of Certificates of Practice **insured by Pro-Demnity Insurance Company** (see Guideline 6.2).
- To avoid double-charging of premium in respect of the same fees, no premium is charged on the fees of the other holder(s) that are providing consulting services to you. Should a letter be submitted by the consultant waiving their right to a credit of premium for the fees for services to you, the fees will be treated in the same manner as other consultants.
- Line 4.4** - Reimbursable expenses include any expenses which are considered reimbursable expenses chargeable to the client and approved by the client. Among these are the cost of printing and productions, travel, communications and courier service, advertising, legal fees and supplementary liability insurance.
- Please note payments for services made to consultants and others on behalf of clients are not reimbursable expenses.
 - Payments made on behalf of the client and reimbursed by the client, which do not relate to the provision of architectural or consulting services, shall be included in the reimbursable expenses declared but only where they are also declared in the Total Gross Fees shown in line 3.1.
 - Where reimbursable expenses are not included on your financial statements in the Total Gross Fees shown in line 3.1, do not include them in line 4.4.
 - Should the reimbursable expenses declared be in excess of 10% of the total gross fees, please provide a list of items and the associated amounts which made up the reimbursable expenses when submitting the Renewal Application.

QUESTION 5 This question is **ONLY** to be completed by holders who have coverage for *in-house* professional engineering services in their capacity as a holder of a Certificate of Authorization issued under the Professional Engineers Act, or the Professional Engineers Act R.S.O., 1980, Chapter 294 or any predecessor thereof and only in connection with the design or general review of the

construction, enlargement or alteration **of a building**. Coverage only applies to errors, omissions and negligent acts committed **AFTER** the date of issuance of the Certificate of Practice under the Architects Act, or Memorandum of Practice under the Architects Act, R.S.O., 1980, Chapter 26 and the regulations thereunder or any predecessor thereof. **NO COVERAGE** is provided **UNLESS** specifically provided for in the Certificate of Insurance.

Please provide a copy of the Certificate of Authorization and complete the Engineering Addendum (copy provided upon request).

QUESTION 6 Fees declared under this question should NOT include amounts already declared in line 4.3 "Consultants fees" or line 4.4 "Reimbursable expenses".

ENSURE that there is no duplication of fees declared under lines 6.1 to 6.5 inclusive.

Line 6.1 - The following are included: feasibility studies, existing facility assessments, mortgage assessments, expert witness services, renderings, perspectives, lost competitions, locations and site analysis, operational programming, user needs and facilities programs, attendance at public meetings, re-zoning applications, promotional services, town planning, master planning or building area calculations or arbitration. Also includes preparation of measured drawings and record drawings when **NOT** provided in conjunction with basic services rendered in whole or in part.

Line 6.2 - This relates to services **rendered to another holder** of a certificate of practice that is also insured by Pro-Demnity Insurance Company. It is intended to prevent charging premiums to two or more holders insured by Pro-Demnity Insurance Company on the same fee income.

Line 6.3 - The fees shown must relate to interior design services that are not part of construction, are in addition to architectural services and where there is clear and separate fee charged for this service. For example: loose furnishings, window coverings or artwork.

Line 6.4 - The fees declared must only be those included in the Total Gross Fees shown in line 3.1 of the application. An abandoned project is defined for these purposes as a project which the owner has decided will not proceed to construction.

- Do not include fees for projects where there is a dispute with the owner regarding services performed or payment of fees; if construction has been postponed; or the project has been moved to another architect.
- Where fees were received in previous financial years, contact Pro-Demnity Insurance Company.

- Line 6.5** - The fees declared must only include those activities that do not relate to a building project and which have been included in your accounting records and consequently declared in the Total Gross Fees shown in line 3.1 of the application. No premium will apply to the figure shown in line 6.5.
- Please only include fees where you have invoiced a client under the name of the holder of the Certificate of Practice. Do not include salary paid as an employee of a school or university in line 6.5 or in the total gross fees declared in 3.1.
- QUESTION 7** This question applies to holders whose clients may provide the office space, equipment, draftsperson and other support to the holder in respect of the professional services rendered on the project.
- QUESTION 8** **ONLY COMPLETE IF APPLICABLE TO YOU**
Pro-Defnity Insurance Company insures services that are “usual or customary” for holders of certificates of practice. Consequently, consulting services rendered by the holder must be declared as coverage is provided by Pro-Defnity Insurance Company where such services are “usual or customary”. The purpose of this Question is to ensure that premium is not charged in respect of activities which are not covered by Pro-Defnity Insurance Company.
- QUESTION 9** **ONLY COMPLETE IF APPLICABLE TO YOU**
In most cases the answer will be that the copyright has been sold on the design of a building. However, with complex projects, the nature of the 'package' sold may involve different types of professional services which will require analysis to determine whether the coverage applies and accordingly, the appropriate items to which a premium should be charged.
- QUESTION 10** This question relates to any type of consultant retained by you for the purpose of performing your professional services. **It is prudent risk management to monitor that your consultants have and maintain their professional liability insurance at claim limits consistent with your own.**
- QUESTION 11** This question applies to holders that obtain 25% or more of their income from one client. The purpose is to determine whether there is an arms-length relationship between your practice and the client.
- QUESTION 12** It is important that claims or circumstances likely to give rise to a claim are reported immediately in order that they may be reviewed and appropriate action taken to mitigate potential damages. The question requires that claims and circumstances which have not been previously reported to Pro-Defnity Insurance Company be declared. The late notification of a claim or circumstance likely to give rise to a claim will result in **NO COVERAGE** being provided by Pro-Defnity Insurance Company.

QUESTION 13 Applicable only to holders with Total Gross Fees in excess of \$250,001 as shown in line 3.3. The following schedule indicates the maximum deductible possible based on the Total Gross Fees declared in line 3.3 of the application:

<u>Gross Fees</u>	<u>Maximum Deductible</u>	<u>Gross Fees</u>	<u>Maximum Deductible</u>
\$ 0 - \$ 50,000	\$ 1,000	\$ 500,001 - \$1,250,000	\$ 25,000
\$ 50,001 - \$100,000	\$ 2,000	\$1,250,001 - \$2,500,000	\$ 50,000
\$100,001 - \$250,000	\$ 5,000	\$2,500,001 - \$3,750,000	\$ 75,000
\$250,001 - \$500,000	\$10,000	\$3,750,001 and over	\$100,000

The maximum deductible provided by Pro-Deficiency Insurance Company is \$100,000.

The deductible selected may be below the maximum deductible permitted. For example, a deductible of \$5,000 can be selected even where the Total Gross Fees for the last fiscal year indicates a maximum deductible of \$25,000. **It is recommended that the deductible selected be small enough to minimize financial impact on your practice in the event damages must be paid.**

Should you require a deductible above the maximum allowed (but not exceeding \$100,000), an irrevocable letter of credit must be filed for an amount representing the difference between the amount selected and the maximum deductible allowed. For example, maximum deductible \$10,000, deductible selected \$25,000. Therefore amount of letter of credit will be \$15,000.

For deductibles of \$5,000 and above, the discount of premiums is as follows:

<u>Deductible</u>	<u>Discount of Premium</u>
\$ 5,000 (standard)	Nil
\$ 10,000	5%
\$ 25,000	20%
\$ 50,000	30%
\$ 75,000	40%
\$100,000	50%

Discount only applies to the premium relating to Pro-Deficiency's retention of \$250,000. It does not apply to the portion of premium relating to limits of liability above \$250,000.

In addition, no discount of premium applies in respect of the minimum premium.

QUESTION 14 ONLY COMPLETE IF APPLICABLE TO YOU

The information declared in this question relates to single project, specific project and joint venture professional liability insurances purchased through the insurance industry (**other than Pro-Demnity Insurance Company**) for which you received fees during the last fiscal year, which were included in the Total Gross Fees shown in line 3.1 and the fees declared in line 4.1. The total of the fees shown in Question 14 must be the same as that declared in line 4.1.

It is important that ALL separately insured projects be listed in Question 14, as your signing of the application warrants that you have done so. An endorsement excluding coverage for separately insured projects not shown will be added to the Policy.

Where separately insured projects are listed, a separate endorsement will be issued on your Pro-Demnity policy excluding coverage for those projects.

In addition, if an Ontario Architects Excess endorsement (or equivalent) was included in the project policy, it essentially means that the coverage and limits of liability of that policy are in excess of Pro-Demnity's retention of \$250,000. An endorsement will be issued to that effect. If no such endorsement was included, the project insurance is providing coverage to the specific project from the first dollar up and Pro-Demnity is NOT providing any coverage until the project insurance expires. A premium is chargeable in order that enough premium is collected to cover the project when it reverts to your annual practice insurance.

Please include a copy of the Single Project policy including all endorsements.

QUESTION 15 ONLY COMPLETE IF APPLICABLE TO YOU

The information declared in this question relates to a separately insured Single Project policy(ies) **issued by** Pro-Demnity Insurance Company for which you received fees during the last financial year, which were included in the Total Gross Fees shown in line 3.1 and the fees declared in line 4.2. The total of the fees shown in Question 15 must be the same as that declared in line 4.2. **Do not include** fees for projects for which spike-up limits were purchased.

QUESTION 16 COMPLETE AS INDICATED

Please note that the extended coverages offered under Lines 16.1 and 16.3 are available where limits of liability above Pro-Demnity's retention of \$250,000 are purchased.

Line 16.1.1 - Full pollution coverage: The minimum Limits of Liability shown in the Endorsement No. 1 to Policy No. 4 may be increased subject to **NO COVERAGE** for any claims for projects situate in the USA or any proceeding instituted or claim made therein.

- A pollution questionnaire must be completed for coverage to be considered. (Copy provided upon request).
- It is recommended that the questionnaire be completed. The additional coverage is often available for a very low or no additional premium.

Line 16.1.2 - The term "other persons or entities" addresses subsidiary companies such as interior design, planning, etc. companies and any other persons you may wish to include under your professional liability insurance, if appropriate.

Line 16.1.3 - Services "not usual or customary" for a holder of a certificate of practice, may be considered for coverage. For example, exhibit design, film and stage sets, artwork, etc.

- For 16.1.2 and 16.1.3 coverages, additional information will be requested to provide the necessary material required for underwriting purposes.

- It is important to review your existing insurance arranged (if any), to ensure that no aspect of the coverage important to you has been omitted from the application.

Line 16.2 - This question applies to holders who have project(s) or office(s) situate outside of Ontario. PLEASE COMPLETE INDICATING "NIL" % WHERE NO FEES OR PROJECTS APPLY.

Line 16.3 - Complete as indicated.

Line 16.4 - For the purpose of this question, please indicate that portion of the construction values that apply to the fee income for professional services applicable to the last financial year and anticipated for the next financial year.

- If construction values are unknown, indicate "unknown".

Line 16.5 - The types of occupancies shown mirror the Ontario Building Code.

Line 16.6 - **List your five largest projects over the last five years** as shown for underwriting purposes. This refers to completed or current projects.

QUESTION 17 COMPLETE AS INDICATED

Line 17.1 - **Indicate limits required on renewal.**

- Ensure required claim limit selected is the limit per claim and not a project or aggregate limit. Project and aggregate limits are determined based on the claim limit selected.

- Quotations for limits above the minimum mandatory limit applicable will be provided if required.

- The additional coverage in excess of the mandatory minimum limit is OPTIONAL and may be purchased through the insurance industry with an insurance company of your choice or through Pro-Demnity Insurance Company.

QUESTION 18 It is important that a record is maintained of holders who carry excess insurance for claims and statistical purposes.