



Architects & Engineers Professional Liability

The complex nature of projects and the diverse disciplines of the construction profession bring with them enormous exposures. With construction in Australia booming, design and construct professionals are increasingly under pressure to make concepts reality - on time and within budget. AIG Australia understands these unique exposures and has designed a tailored policy wording to address these issues.

Covers

- Civil liability
- Misleading or deceptive conduct (including under the Trade Practices Act 1974, Corporations Act 2001, ASIC Act 2001 or similar provisions in the States' Fair Trading Acts)
- Intellectual property (including breach of copyright)
- Defamation
- Fraud or dishonesty of principals, partners, directors or employees (including theft of third party money or securities)
- Loss of documents cover up to the limit of liability
- Defence costs

Standard Extensions

- Court attendance costs
- 30 day extended reporting period
- Property cover for lost documents – no breach of duty required (sublimited to \$250,000)
- Previous business name
- Quasi judicial costs (sublimited to \$100,000)
- Joint ventures
- Vicarious liability
- BusinessGuard Advisory Panel (providing limited free advice on matters which are relevant to the cover provided under this policy)





Optional Extensions

- Environmental professional services
- Employment practices liability (covering claims by employees made against the policyholder, or any principal, partner, director or employee)
- Fidelity (covering financial loss of the policyholder as a result of fraudulent or dishonest acts committed by an employee)

Key Exclusions

- Bodily injury and property damage (applies unless arising from the performance of professional services)
- Construction/manufacturing
- Contractual liability and performance guarantees
- Costs assessment (unless performed by a quantity surveyor)
- Pollution

Limits

- Primary
- Up to \$10 million capacity

Underwriting Information

- AIG Australia professional liability proposal form
- Full claims experience, including full details of all paid and outstanding matters
- Start up operations will require resumés for all principals, partners or directors and details of their past claims experience

Target Market

Any firm that can demonstrate a positive approach to risk management.

AIG Australia

American International Group, Inc. (AIG), world leaders in insurance and financial services, is the leading international insurance organisation with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG's common stock is listed in the U.S. on the New York Stock Exchange as well as the stock exchanges in Ireland and Tokyo.

Key Exposures and Claim Scenarios

Commercial new build - the incorrect design of fuel tanks at a new petrol station led to costly legal damages and re-design arising from standard industry health and safety requirements.

Residential new build - an architect hastily signed a completion certificate on a new residential building and subsequently there were dozens of minor problems which the contractors failed to resolve.

Planning permission - an architect was instructed to plan and design an office development. Although planning permission was requested and granted from the relevant local authority, a failure to seek permission for the correct area and boundaries for the development led to unexpected litigation.

Inadequate supervision - architects were instructed to produce a specification and supervise the renovation works to a church roof. The contractor encountered financial difficulties and prior to liquidation began to cut corners. The roof failed after heavy rain and collapsed. It subsequently transpired that work carried out by the contractor was inadequate. The claimant alleged that proper supervision by the architect would have avoided the problem.

Site layout - architects were instructed to design a residential development comprising ten properties. Dimensions for the site were provided by surveyors but were incorrectly translated by the architects and the development encroached onto land owned by a local authority. Additional costs were incurred in purchasing the illegally encroached land.

Inadequate specifications - after completion, a hotel suffered a fire which resulted in major damage. During repairs it was noticed that the fire resistant material used in the property was inadequate. It was later alleged that both the architects and engineers failed to specify the correct fire resistant material. The error meant that the fire resistant material in a chain of hotels had to be replaced at extra cost.

Works to embankment - an embankment collapsed due to unstable sub-surface conditions going undetected by the engineer. The client launched a claim alleging that engineering advice was sub-standard.

Electrical Engineer provided wrong specification - an inaccurate specification for an electricity supply resulted in costly alterations and the installation of a temporary generator.



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