

Risk Management

How to Select a Professional Liability Broker

by David W. Lakamp and George J. Vogler

Abridged and edited by Cara Shimkus Hall, AIA, Esq.

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The selection of a professional liability broker is as important a decision as selecting your business partners. Your broker is the person who should be delivering some of the most relevant services regarding risk management and your insurance. A poorly selected broker may be ill-equipped to advise you on the risks of professional practice. A well-selected broker will be as important to your practice as your attorney or your accountant. Most importantly, you are paying for the services of your broker when you purchase your professional liability insurance.

WHAT A GOOD BROKER CAN DO FOR YOU

Professional advice

One of the best services that your broker can offer is risk-management advice. You should talk to your broker throughout the year, not just at renewal time. Your broker can give you sound advice about why one carrier or type of coverage is more advantageous to the way you do business than another. Throughout the policy year, a good broker will listen to your questions and your business plans, and advise you on the best way to manage your risks. He or she can help you understand why certain project types are more or less risky than others and can help you identify the tools, products, and services that are available to manage those risks.

Market representation

Your broker is your advocate in the insurance marketplace and must have a thorough knowledge of the industry, applications, how best to answer the questions on the applications, and how best to communicate those answers to the underwriters who set your premiums. A good broker will know about the state of the market, who the underwriters are and what they are looking for, and how to present your firm in the best possible light.

It is not just this knowledge that is important, but the skill and attention to detail with which it is utilized on your behalf. A good broker will be experienced with both hard and soft markets—he or she will have been down this road before. The value of the advice you receive about companies, coverage, and premiums depends upon this experience.

Loss prevention support

You should be able to look to your broker for valuable assistance in reviewing and negotiating your professional service agreements. Your broker is not a substitute for competent legal counsel but is a source of information and guidance on issues of risk and responsibility. He or she can give you a good risk management perspective and will know what the maximum limits of fairness are. She can even help you understand how to negotiate fair risk allocation into your agreements.

Claims service

If you receive a claim or a summons, you need to rely on your broker, who should be able to differentiate between claims that are likely to be significant to the underwriters and those that will not. Further, your broker should know what clients, contractors, attorneys, and insurance company claims representatives expect and help you through unfamiliar territory. He or she will be able to help you to understand the process and the potential issues and timeframes and assist you in getting back to business as quickly as possible.

WHAT TO LOOK FOR IN A GOOD BROKER

Exceptional expertise and service

Look for a specialist in architects' professional liability insurance. Search for a broker capable of responding effectively to the unique requirements of your firm. You have a reasonable right to expect knowledge, expertise, and exceptional service. A specialist probably does not spend time selling homeowner's insurance or developing ocean marine business but works hard at providing services to design professionals and dealing with the markets that insure them. A specialist is careful to maintain relationships of mutual respect and trust with underwriters, knowing that the quality of those relationships is essential to being able to serve you well. A specialist broker will have many of your friends and colleagues as clients and will value your professionalism and your business.

Empathetic counsel and advice

A specialist broker understands what you do every day and how you go about doing it. Because good brokers understand the difficulty in balancing sound business practices against the imperative of quality, they can help you reconcile the two without compromising either. A specialized broker will understand the decisions that you have to make on a daily basis in your particular business. The broker will also understand how his

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or her advice will be applied to your practice and will help you learn to make informed risk management decisions.

A commitment to the professions

A specialist broker will give back to the architectural community by his or her involvement in activities of professional associations, service on committees, risk management seminars, and contributions to professional publications whenever possible. Not only will a specialist broker be involved in the design community, he or she will have regular contact with lawyers on both sides of disputes and with professional society committees and staff. He or she will know the accountants and consultants who specialize in the field. This involvement benefits you in that the broker can maintain and expand his or her own knowledge and better understand how allied professions will affect your risk management plans.

Independent judgment

A broker's ability to make independent, reasoned judgments and give you advice is paramount to his or her success. The broker's advice is valuable to your risk management strategies. Select a broker whom you know you can trust and in whom you have confidence.

Asking the right questions

The task of searching for a quality, specialized broker is easier than you think because the universe that such brokers travel in is relatively small. Don't start looking just before a renewal or anniversary date. It may take some time to find a broker with whom you feel comfortable.

- Ask your colleagues who their broker is.
- Ask your local AIA component for the names of brokers who have contributed their time to the organization.
- Ask attorneys, accountants, and marketing consultants if they know a specialized broker.

When you have a list of brokers to interview, here are a few questions to get you started.

- What gives you the knowledge and expertise to be a specialized broker? What are your staff's qualifications?
- How committed are you to the A/E industry? How much of your business is A/E and how much of your time is devoted to this industry?
- What services do you offer? If called upon, are you prepared to make presentations on our behalf to risk managers and attorneys who represent our clients?
- How much of your personal time can we expect to be devoted to meeting our needs?
- How extensive are your contract review and negotiation services?
- How do you propose to strengthen our understanding of these issues?

How successful have you been in the past?

- Which of my colleagues do you serve and whom would you offer as references?
- With which professional liability insurance companies do you do business and why? How did their underwriters behave during the last hard market and how do you expect them to behave in the future? Is there anything about your relationship that could affect the independence of your advice and counsel?
- Are there insurers with whom you do not do business and why?
- How do you stay abreast of developments, pricing, relative financial condition of the insurers, and underwriting guidelines in the marketplace?
- How extensive is your involvement with professional associations? What do you contribute to my profession?
- What, specifically, can you do to help us control our professional liability insurance costs? What other considerations are important to us and why?

You do not need to inquire about the candidates' understanding of your professional practice. Their responses and their questions to you will tell you everything that you need to know. Their understanding of your needs and concerns will be evident in everything that they say to you.

Choose wisely. Your broker can be your best friend as you sort out your professional liability insurance options. ■■