

Insurance

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Architect

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- Professional Indemnity Insurance

Professional Indemnity insurance covers you if the advice you gave a client or the work you did for someone was wrong and the customer lost money as a result and then they try to sue you or your company

Architect

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- The amount you have to pay depends on:

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Professional Indemnity Insurance:

- This is legally required to work as an architect
- The amount you have to pay depends on:
 - Level of cover
 - Size of Practice
 - Nature of clients & work you carry out
 - Previous claims record

Architect

Professional Indemnity Insurance:

- The premium also depends on the 'market'
 - Hard market = €€€
 - Soft market = €

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The minimum cover in UK is €250,000

In Ireland it's €650,000 for most banks

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Professional Indemnity Insurance:

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Professional Indemnity Insurance:

- Insurance is obtained through a 'broker'
- The broker is normally paid on a commission basis
- The key document underlying your policy of insurance is the proposal form

[STUDENT PROJECT]

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Professional Indemnity Insurance:

The proposal form:

- Full name /address
- Annual turnover
- Confirmation of any current or previous claims (normally 5 years previous)
- This needs to be completed fully & accurately

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- Under the Insurance Act you must make a 'fair representation' of the risk to the insurer

Fair representation

= Disclosure of 'material' circumstances

= Disclosure of sufficient information in order for insurer to make further enquiries

= Reasonably clear & accessible presentation of risk

= Every material representation made in good faith

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‘Material’

Would it influence the judgement of a prudent insurer in determining whether to take the risk and if so on what terms.

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PI 'Run-off':

'Run off' is a form of professional indemnity insurance which covers the historic liabilities of a business after it ceases to trade. Any claims made under the policy will relate to work carried out before trading stopped, so it covers legacy issues.

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Recommendation is a minimum of 6 years.

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As an architect running your business you will need the following insurances:

- Public Liability Insurance

Public Liability Insurance provides cover for you if you become legally liable to a member of the public for bodily Injury/death/diseases, damages, expenses & costs and/or damage to their property following an accident which occurred during the period of insurance and is in connection with your business.

Architect

As an architect running your business you will need the following insurances:

- Employers Liability Insurance

Employers Liability Insurance provides cover for you if you become legally liable to your employees for Injury/death/diseases and/or damages, expenses & costs which occurred during the course of their employment with your company.

Architect

As an architect running your business you will need the following insurances:

- Products Liability Insurance

Covers if you become legally liable to a member of the public for bodily injury /death/diseases and/or damages, expenses & costs as a result of a defective product supplied by your company whether manufactured, altered or just sold by your company.

Nb Even though I'm covered for this it doesn't apply

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As an architect running your business you will need the following insurances

Buildings & Contents	Full Perils Excluding Accidental Damage and, subject to certain subject to certain exclusions
Fire Brigade Attendance Fees	€10,000
Breakage of Glass	€5000
Goods in Transit in own vehicle	€5000
Loss Of Money	€5000 <i>on the premises during business hours</i> <i>in a safe/€500 out of safe outside of hours</i> €250,000 <i>crossed cheques and non negotiable monies</i> €500 <i>in €500 out of safe outside of hours</i>
Specified Business Items All Risk	Optional Cover, Max Single Article Limit €1500, Anywhere in the Rep of Ireland & UK
Business Interruption	12 months indemnity period
Extensions to B.I.	<i>Denial of access</i> <i>Disease, infestation and defective sanitation</i> <i>Public Utilities</i>
Computer Breakdown	Breakdown of Computer Cover €5,000 Increased in Cost of Working €50,000 Reinstatement of Data €10,000
Employers Liability	€13,500,000
Public Liability	€8,500,000
Products Liability	€8,500,000

Contractor

Contractor

17. (a) The Contractor shall be liable for and shall indemnify the Employer against
- (i) any liability loss claim or proceedings or any injury or damage whatsoever to any property real or personal insofar as such injury or damage arises out of or by reason of the execution of the Works and is due to any negligence omission or default of the Contractor or any person for whom the Contractor is responsible, and
 - (ii) any liability, loss, claim or proceedings whatsoever in respect of personal injury disease or death sustained by any person whomsoever arising out of or in the course of or caused by the execution of the Works.
- (b) Without prejudice to the foregoing liability the Contractor shall prior to the commencement of the Works take out with a Registered Insurance Company and shall for the duration of the Works maintain, Public Liability Insurance in the minimum sum of one million two hundred and fifty thousand euro and the Employers Liability Insurance sufficient to insure said liability.

Contractor

Contractor

- 18.** Except insofar as provided by Clause 19 the Contractor shall in the joint names of Employer and Contractor insure the Works and all materials and goods on the site including unfixed materials and goods against loss and damage by fire, storm, flood, tempest, and associated perils for the full value thereof plus 10% to cover professional fees.
- 19.** In the case of alterations or additions to existing buildings all existing structures, contents, the Works and unfixed materials except plant, tools and equipment shall be insured by the Employer for the full value thereof, plus 10% to cover professional fees, from commencement to Practical Completion against loss or damage by fire, storm, tempest, lightning, flood, earthquake and associated perils. The Employer shall produce evidence of such insurance if so requested and if such evidence is not produced then the Contractor may take out insurance to cover such risks and the cost of same will become a debt due to the Contractor from the Employer.

Contractor

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- It is YOUR job to check that insurances have been taken out
- BUT, the checking of insurance policy wording is a matter for insurance experts
- Insurance policies may need updating and rechecking during the contract

Practical Completion.
Again!...

3 principles apply in order to meet
Practical Completion

Practical Completion. Again!...

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Practical Completion:

1. When all the construction work that
needs to be done . Is done!

Practical Completion. Again!...

3 principles apply in order to meet
Practical Completion:

2. Works can be certified as being
complete even though there are
'Latent Defects' ie those which are not
immediately apparent on inspection
by a 'reasonable man'

Latent Defects Examples:

Latent defects are defects which only an expert could be expected to discover – for example:

- Rising damp in a house
- Structural weakness of the roof timbers
- Damaged pipes in walls
- Leaking roofs (except where strain marks make the leak obvious)
- Defects such as dampness behind a cabinet.

BUT NOT!

Patent Defects:

This is a defect that is, or should reasonably be, easily identifiable upon inspection of the property by the buyer. For instance a wall crack, rotten woodwork, or a broken cupboard.

Practical Completion. Again!...

3 principles apply in order to meet
Practical Completion:

3. As an architect you have an element of discretion and can certify practical completion of there are very minor (or 'de minimis') works which are defective or incomplete.

Practical Completion.
Again!...

3 principles apply in order to meet
Practical Completion:

The key question is whether to all
intents and purposes the building in
question is complete.

Practical Completion.
Again!...

Why is Practical Completion important
as regards insurance?

Practical Completion.
Again!...

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as regards insurance?

1. The Defects Liability Period
commences

Practical Completion. Again!...

Why is Practical Completion important
as regards insurance?

1. The Defects Liability Period commences
2. Half of the retention is released

Practical Completion.
Again!...

Why is Practical Completion important
as regards insurance?

3. The insurance for the building
transfers from the contractor to the
employer