

Press Release

Architects and Engineers Slow to Embrace Mediation to Resolve Client Disputes

Dispute resolution procedure advocated by the American Institute of Architects still a hard sell to design professionals.

Farmington, CT – March 26, 2010

Research by Beazley Group (BEZ.L), a leading professional liability insurer for architects and engineers, has revealed that more than half (59 percent) of the 400 firms responding to a recent dispute resolution poll have never used mediation to resolve client disputes. The finding is surprising given that the American Institute of Architects (AIA), whose contract wordings are widely employed by both architects and engineers, recommends non binding mediation as a first step before engaging in binding dispute resolution.

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"Mediation is one of the most efficient and low-risk methods to resolve difficult client disputes," said Jerry Sullivan, Specialty Lines Architects & Engineers global product leader for Beazley. "The recession is putting A&E firms under intense pressure and increasing the risk of liability claims. Engaging in mediation is a sensible strategy to help ward off expensive litigation."

Of the approximately 35 percent of firms in the survey that have been involved in a mediation process, more than half (60 percent) considered the outcome successful, enabling them to fix the problem without getting involved in a potentially costly legal process.

Of the 40 percent who considered the mediation outcome unsuccessful, many pointed to dissatisfaction with their choice of mediator, noting their mediator may not have been looking out for the best interests of both parties.

"The key to a successful mediation is a well-planned and well-managed process, to chose mediators wisely and make sure both parties are available during negotiations," said Mr. Sullivan. "With proper planning, architect and engineering firms can increase their success rate and benefit from this method."

The survey was conducted in conjunction with Beazley's most recent risk management webinar titled "Conquering the Fear Factor: Claims Management and Dispute Resolution Mechanisms." Beazley provides its clients with education, resources and counsel to effectively manage disputes and avoid costly claims. The quarterly risk management webinars are widely attended by firms of all sizes, from sole proprietors to multi regionals and firms in the Engineering News Record (ENR) top 50.

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"We urge our insureds to turn to us to help them through the process, since we can educate them on the mediation process and offer solutions in the event initial negotiations prove to be too difficult," said Mr. Sullivan. "Mediation is intended to save litigation costs and ultimately preserve valuable client relationships."

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Note to editors:

Beazley plc (BEZ.L), is the parent company of specialist insurance businesses with operations in Europe, the US, Asia and Australia. Beazley manages five Lloyd's syndicates and, in 2009, underwrote gross premiums worldwide of £1,115.5 million. All Lloyd's syndicates are rated A by A.M. Best.

Beazley's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., an A.M. Best A rated carrier licensed in all 50 states. In the surplus lines market, coverage is provided by the Beazley syndicates at Lloyd's.

Beazley is a market leader in many of its chosen lines, which include professional indemnity, property, marine, reinsurance, accident and life, and political risks and contingency business.

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