Focusing on the many ways in which we can bring our long experience of insuring professional liability risks to help you serve your clients.

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Welcome...

to the inaugural issue of Beazley Professions ("Beazley Pro").

The risks of professionals – whether they be lawyers, architects, consultants or engineers – have been core areas of focus for Beazley since the company’s foundation in 1986. Today we insure over a quarter of the Am Law 200 list of the top law firms in the United States and more than half of the top 50 US design firms as ranked by Engineering News-Record. More recently, we have also developed a strong focus on environmental risks by adding environmental service firms to our client list and launching our Environmental Cleanup Costs policy.

In 27 years, we’ve seen a lot of claims. But we believe strongly that – for our clients even more than for us as an insurer – prevention is better than cure, which is why we focus heavily on providing relevant risk management advice. This makes good sense because the total economic cost of being involved in a professional liability lawsuit can be a multiple of the insured portion of the firm’s losses, with expenses potentially including:

• The firm’s self insured deductible and any losses that exceed the firm’s limit of indemnity from its insurer.

• The opportunity cost deriving from the diversion of firm resources to resolve the lawsuit.

• The loss of existing and prospective clients deterred from the firm by unwelcome publicity relating to the lawsuit.

• The loss of talented staff from the firm and the deterrent posed to prospective recruits caused by an embarrassing and well-publicized lawsuit.

Beazley Pro is a broker focused publication which will focus on the many ways in which we can bring our long experience of insuring professional liability risks to help you serve your clients, whether it be in the area of risk management or in developing effective defense strategies against the types of claims that we are seeing in today’s market. We will be publishing twice a year, but our professions team – now numbering 33 underwriters and claims specialists in the UK and US – is always available to answer any questions you may have.

Please let us know what you think of this publication and any suggestions you may have to improve it. You can reach me at +44 (0)20 7674 7746 or jerry.sullivan@beazley.com

I hope you enjoy the newsletter and thank you for your continued support!

Yours sincerely,

Jerry Sullivan
Head of Professions
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A&E Turnkey client training with Beazley Box Broker Toolkit

Our new Beazley Box Broker Toolkit on our web portal includes everything you need to host risk management seminars for your A&E clients. You will find end-to-end support for PowerPoint-based seminars, including presentation and pre- and post-session handouts. It also includes our “By Design” video series, featuring five distinct vignettes bringing to life typical risk management challenges of new design projects. An accompanying course book identifies the relevant risk management issues and solutions to mitigate exposures.

Modular Form offers Far-Reaching Coverage And Flexibility

Beazley’s new, modular A&E coverage form is set to revolutionize A&E professional liability insurance. Now, you and your clients can simply pick and choose various features and coverage to assemble broader-than-ever protection tailor-made for your risk. Start with the foundation of our worldwide A&E professional liability insurance – with per-claim and aggregate limits of liability – and build from there, with:

- Civil liability coverage, including fitness for purpose coverage and any one claim limits in desired countries
- Contractors pollution liability
- Expanded pollution coverage
- Media/Privacy liability insurance
- General liability insurance
- Claim made general liability insurance

Underwritten in London, this innovative coverage is designed for the diverse exposures of multi-national firms with $60 million to $15 billion in revenues.

A&E Contract Review Guide – Now online

Our A&E Contract Review Guide is available to support you in evaluating your clients’ design agreements from a risk management and professional liability perspective. The guide provides an overview of key steps in the review process and highlights critical provisions your clients should weigh when negotiating contracts with their own customers.

MORE INFORMATION

You can access our risk management tools on our A&E risk management website: www.beazley.com/aeriskinfo/
For questions and further information please contact colleen.palmer@beazley.com

LAWYERS Adding Global Risk Management Expertise

Former Jones Day Partner Brian Toohey, one of America’s foremost experts in law firm risk management and lawyers liability, is now available to advise Beazley clients as they navigate the complex risks of a global marketplace. “Brian has years of experience at one of the world’s largest, most highly regarded law firms – and one that globalized early. Our clients can tap into that experience to mitigate professional liability exposures and strengthen their own risk management capabilities as they expand globally,” says Ian Rose, head of Beazley’s lawyers’ professional liability team.

ENVIRONMENTAL Covering Environmental Cleanup Costs

Environmental contractors can bring valuable certainty to remediation project costs with Beazley’s new Environmental Cleanup Costs Insurance, which covers remediation cost overruns arising from known conditions at covered locations. Written on a non-admitted basis through Beazley syndicates at Lloyd’s, the new policy is geared primarily for contractors working on US brownfield projects (on 10 contiguous acres or less), with remediation budgets of $3 million to $10 million. “Site owners, investors and property redevelopers want financial certainty when dealing with contamination and remediation issues. This coverage can give a contractor a competitive advantage by enabling them to provide a guaranteed, fixed-price remediation solution,” says James Wilkins, senior underwriter, Environmental.
On the calendar

For upcoming news and information on conferences and events.

SEPTEMBER 30 – OCTOBER 3
National Association of Professional Surplus Lines Offices (NAPSLO) Annual Convention
Washington, D.C.
www.napslo.org

OCTOBER 27 – 30
American Council of Engineering Companies (ACEC) Fall Conference
Scottsdale, AZ
www.acec.org

NOVEMBER 4 – 6
Professional Liability Underwriting Society (PLUS) International Conference
Orlando, FL
www.plusweb.org
Environmental

Facts:
A customer alleged that her HVAC contractor failed to reconnect the ventilation system in her doublewide trailer during servicing. As a result, she said, mold and mildew developed in the attic and wall cavities of the trailer.

Discussion:
The plaintiff’s initial demand exceeded $150,000 and included the contractor tearing out and replacing all of the trailer’s interior walls, ceilings, floors and fixtures. Beazley, which provided Contractor’s Pollution Liability Insurance for the defendant, engaged two experts who uncovered that the water intrusion and moisture that led to the mold and mildew was due in part to vulnerabilities in the exterior envelope of the trailer. The contractor’s general liability carrier initially attempted to deny any payment on the claim; later it offered a nominal contribution of $3,000. Beazley pursued the general liability insurer for contribution and eventually obtained payment of $25,000 from the general liability carrier and settled the matter for $65,000, a fraction of the initial demand.

Lessons learned:
Bringing best-in-class resources to bear early in the claims process can make a pivotal difference in claim outcome. In this case, Beazley hired an international engineering company to do a building envelope analysis that revealed early on that areas of water intrusion unrelated to any actions by the contractor could have led to mold. This information quickly diffused the plaintiff’s demands... and led to the general liability insurer agreeing to pick up substantially more of the settlement (benefiting the insured, as it fell outside the contractor’s deductible).

Creativity counts in real estate venture

Lawyers

Facts:
Our insured, a law firm, was representing a married couple who borrowed money from a bank to buy a piece of real estate for development right before the market collapsed. They subsequently could not repay the loan. The bank sued the couple and, unfortunately, the complaint went unanswered. The court awarded the bank a default judgment of several million dollars. The couple sued the law firm for malpractice, claiming millions in damages—even beyond the amount of the default judgement itself.

Discussion:
With the insured facing serious litigation and damages, Beazley negotiated and purchased the judgment from the bank for less than 60 percent of its face value, then released it — thereby eliminating nearly all of the claimed damages. The bank was willing to accept the discounted payment since it knew otherwise payment would come only if and when the couple prevailed in their malpractice litigation. With the purchase and release of the judgement, the couple was willing to settle its malpractice claim for a nominal amount... its lawsuit was no longer worth pursuing.

Lessons learned:
While a lack of communication and documentation got this law firm into serious trouble, the creativity and commitment of their insurer prevailed to get them out.

Engineer granted rare summary judgement

A&E

Facts:
After sustaining serious injuries in a fall in a sports facility parking lot, the plaintiff sued the property owner, who in turn filed a third-party action against our insured, an engineer. This suit against the engineer alleged that deficiencies and code violations in his design of the facility’s parking lot (specifically its handicap access ramp and lighting) were to blame for the fall. A site visit revealed that the lighting and lighting tower location in the parking lot were not as the engineer had specified. During deposition, the paving contractor affirmed that he used the engineer’s plan for pricing only, not for construction. Hence, there was no causal connection between any design deficiencies in the engineer’s plans and the plaintiff’s serious fall and injuries. Counsel moved for summary judgment, which was granted in full.

Discussion:
Initially, the outcome of the case looked dismal for our insured. Potential exposure was estimated up to $300,000. After discovery, as defense counsel examined the evidence, including the engineer’s scope of work and design drawings, he realized that the contractor had deviated from our insured’s design. He also zeroed in on the fact that the insured did not supervise construction, nor did he have any contractual obligation to supervise construction as it was not in his scope of work.

Lessons learned:
(1) Never underestimate the value of experienced defense counsel.
(2) Clients should be meticulous in articulating their scope of work in contracts — and not set foot beyond the stated scope.
In the spotlight

**Lionel Béjean, A&E Underwriter**

**What is your current role?**
In January, I relocated from the US to England to begin a three-year secondment underwriting A&E risks out of Beazley’s London office. Previously I underwrote A&E professional liability for Beazley in the US. This experience in the London market provides me exposure to “mega” accounts, and provides me with the opportunity to learn more about the London market and how the syndicates interact. I look forward to acquiring this more global expertise so I can better assist my brokers when I return to the states.

**What is your account focus?**
The world’s largest A&E firms. I typically underwrite big firms with complex projects, typically ENR Top 150.

**What is the biggest difference you have noticed doing business in London as compared to the US?**
There is nothing like working at the box at Lloyd’s! In the US, our brokers are countrywide, and so much of the business is done by email. Here in London, whether at the box, the office – or even the local pub – business gets done in person.

**What do you like best about your current role?**
In addition to doing business in person with our brokers, I have excellent opportunities to collaborate with my colleagues in different areas of Beazley. I regularly work with underwriters who do completely different lines of business, from cyber and marine, to sexual molestation coverage.

We discuss ways of handling certain risks and best practices that can crossover to each other’s day to day underwriting. We help each other out: This happens formally – we have regular risk review meetings where we discuss recently bound accounts – and informally (I sit next to an environmental underwriter). It is extremely useful to look across the lines at Beazley; it breeds innovation. I’m actually working closely with my environmental colleagues right now to launch Beazley’s global ECLIPSE® product in France. (My French background is very useful!)

**Any favorite pastimes?**
Right now I am enjoying living in London and travelling throughout Europe.
The descriptions contained in this broker communication are for preliminary informational purposes only. In the US, the products may be available on an admitted basis in some but not all jurisdictions through Beazley Insurance Company, Inc. In other US jurisdictions, the products are underwritten by Beazley syndicates at Lloyd’s and are available only on a surplus lines basis through licensed surplus lines brokers. The publication and delivery of the information contained herein is not intended as a solicitation for the purchase of insurance on any US risk. Except where products are issued by Beazley Insurance Company, Inc., coverages are underwritten by Beazley syndicates at Lloyd’s and will vary depending on individual country law requirements and may be unavailable in some countries. The exact coverage afforded by the products described herein is subject to and governed by the terms and conditions of each policy issued. Some coverages are made available through Beazley USA Services, Inc., which is a service company that is a part of the Beazley Group and has authority to enter into contracts of insurance on behalf of the Lloyd’s underwriting members of Lloyd’s syndicates 623 and 2623 which are managed by Beazley Furlonge Limited. Beazley USA Services, Inc. is licensed and regulated by insurance regulatory authorities in the respective states of the US and transacts business in the State of California as Beazley Insurance Services (License#: 0G55497).

CONTACTS

Jerry Sullivan
Global head of professions
T +44 (0)20 7674 7746
E jerry.sullivan@beazley.com

John Beauchamp
Global focus group leader, environmental liability
T +1 215 446 8444
E john.beauchamp@beazley.com

Freddie Marsh
Global focus group leader, professional liability claims
T +44 (0)20 7674 7121
E freddie.marsh@beazley.com

David Nicholson
Global focus group leader, specialist lawyers’ professional liability
T +44 (0)20 7674 7095
E david.nicholson@beazley.com

Ian Rose
Global focus group leader, lawyers’ professional liability
T +44 (0)20 7674 7155
E ian.rose@beazley.com

James Schwartz
US focus group leader, A&E and regional lawyers’ professional liability
T +1 617 239 2607
E james.schwartz@beazley.com