

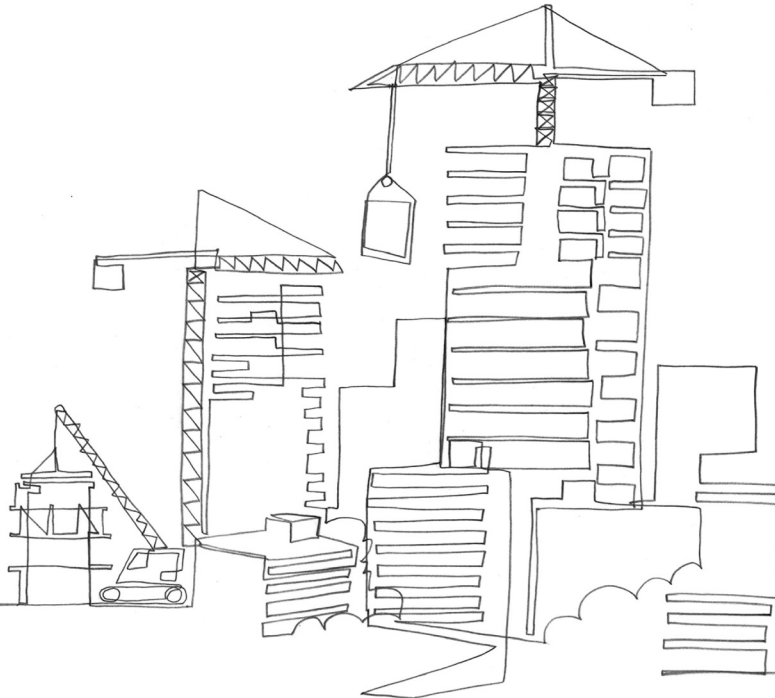
# Beazley

## Design/Build Contractors Claim Scenario

### *Mechanical Contractor*

The insured was contracted to design, build and install a piece of machinery for a food manufacturing company. The machine was completed and in the year that followed, the insured was sued on the grounds that the purchaser was unable to get the machine up and running to the standards required due to a design error. The complaint alleged breach of contract and warranty and sought a refund of the machine purchase price. The two parties went to mediation with the matter being resolved out of court and a settlement figure being agreed. The insured's policy covered the settlement and defence costs.

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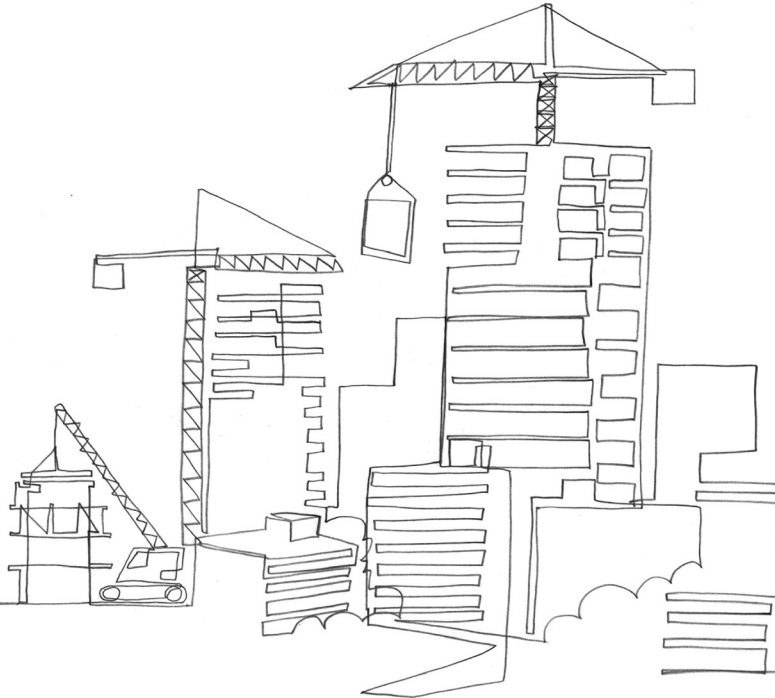
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## Design/Build Contractors Claim Scenario

### *Mechanical/Electrical Contractor*

The claimant retained the insured to automate a manufacturing process within a factory. Allegedly, there was a problem with the automated process resulting in an issue with the output and quality control. The claimant attributed this to poor design and programming. Urgent remedial works were required. Claimant made a demand for loss of income and costs associated with rectifying the issue. The matter went to mediation where the insured was found to be partially liable for the error. This resulted in the claim being settled for less than the amount demanded.

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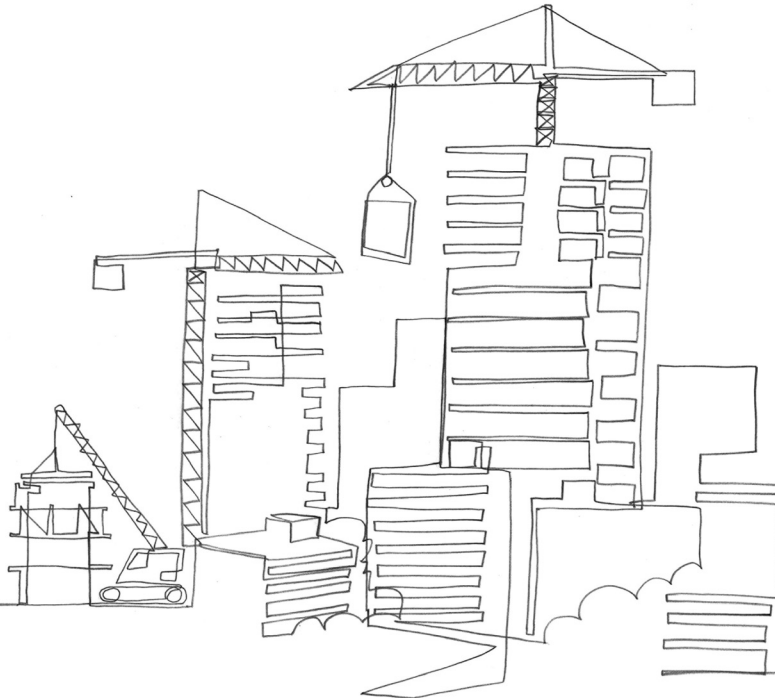
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## Design/Build Contractors Claim Scenario

### *HVAC Contractor*

The insured was employed to design and install a ventilation system in an industrial soup kitchen. The insured hired a sub-contractor to design the system. As part of the cooking process, industrial sized kettles are used. It was alleged that the steam being created by the kettles was not being vented correctly, causing condensation to form which was then dripping back in to the kettles. This presented a health concern and reduced operational capacity from 4 cooking units to 2 cooking units. As the sub-contracted design engineer did not carry E&O, the insured was held legally responsible under the vicarious liability provision of the policy and had to pay the damages.

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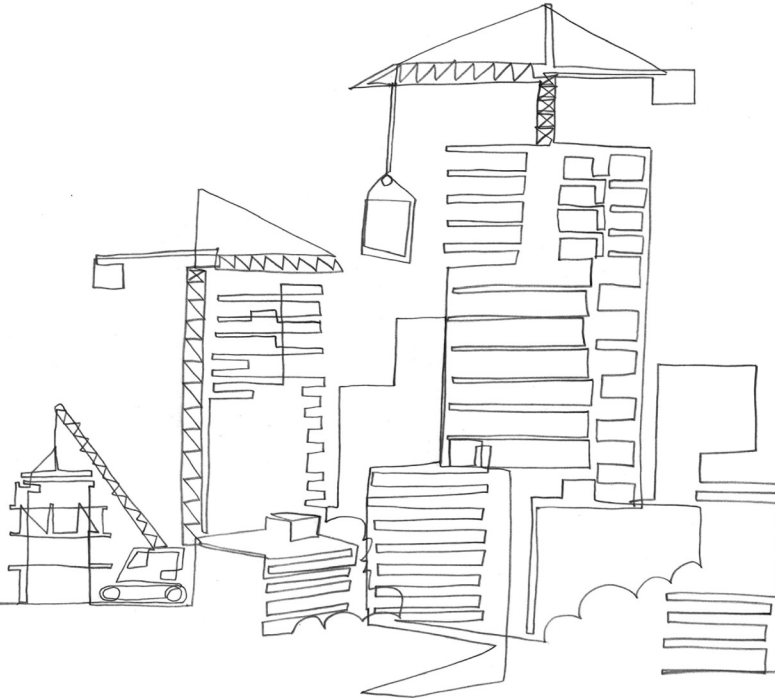
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## Design/Build Contractors Claim Scenario

### *Construction Management*

Our insured, a construction management firm, was responsible for the management of multiple subcontractors on a project. During construction, a change order was issued by the prime architect. The insured failed to coordinate, manage and report changes to the owner and the sub-contractors which resulted in project delays and contingent business interruption damages. As the insured made an error during the course of their professional services, the policy responded covering the costs and damages associated with the delay.

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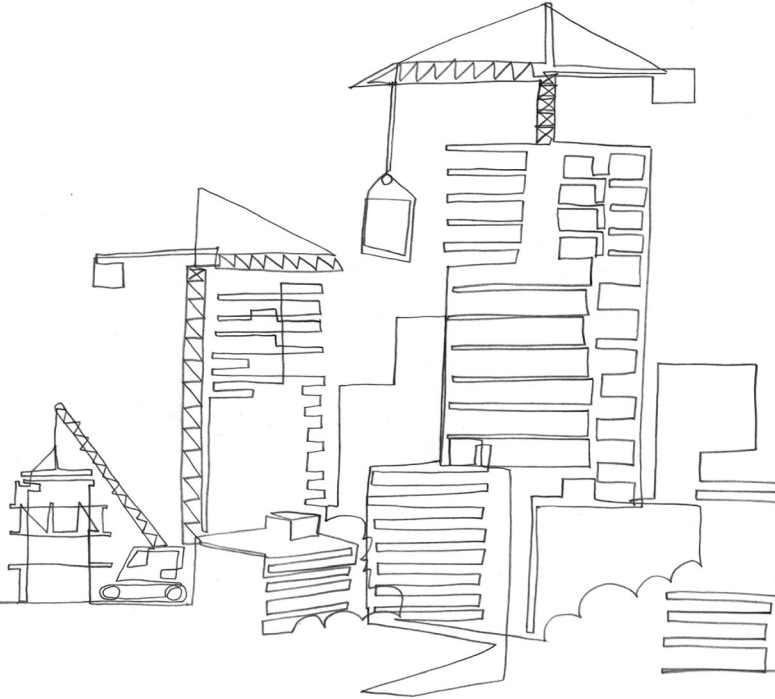
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## Design/Build Contractors Claim Scenario

### *General Contractor*

Our insured, a general contractor, was retained to construct a school using a design/build delivery system. They entered in to an agreement with a design professional to provide the design for the project. The agreement contained indemnification and hold harmless clauses, releasing them from the design professional. During construction, it was discovered that the design contained an error which resulted in the school being elevated several inches above the existing roadways. The insured made a demand under the indemnification and hold harmless provisions of the

design professional's contract. Unfortunately, the design professional declared bankruptcy and the insured remained professionally liable to the project owner.

The logo for Beazley, featuring the word "beazley" in a lowercase, sans-serif font with a thin horizontal line extending from the left side of the letter 'b' across the page.

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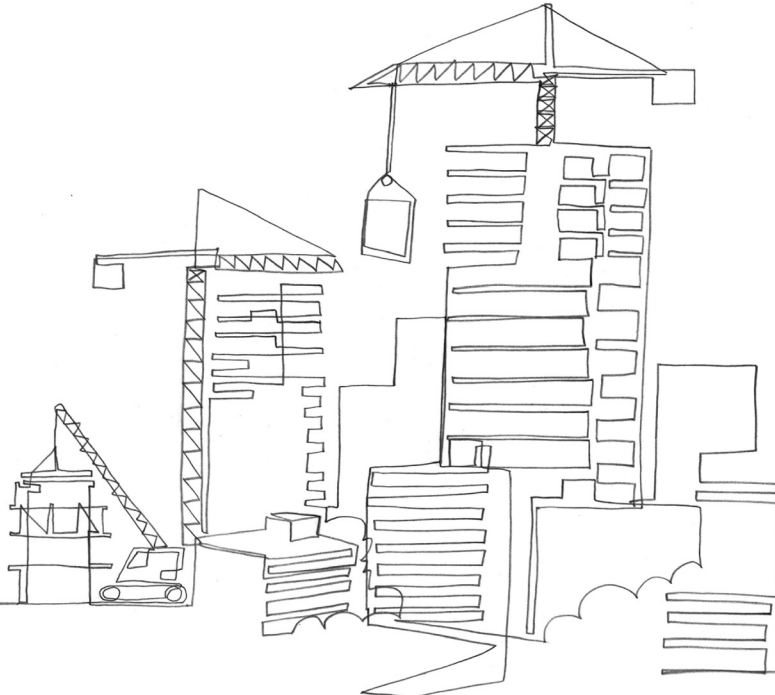
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## Design/Build Contractors Claim Scenario

### *Electrical Contractor*

A contractor was retained by a project owner to provide a constructability review of prepared plans and specifications, and to perform a value engineering analysis for construction of a hospital. The contractor determined from the review that the power system was undersized. The contractor recommended changes to the system which the project owner rejected due to cost. The

system was undersized causing outages throughout the hospital. The hospital alleged that the contractor was responsible for the lack of power because it had failed to properly warn the owner of the consequences of an under-designed system. The contractor was held to be partially liable for failing to warn the hospital of these issues.



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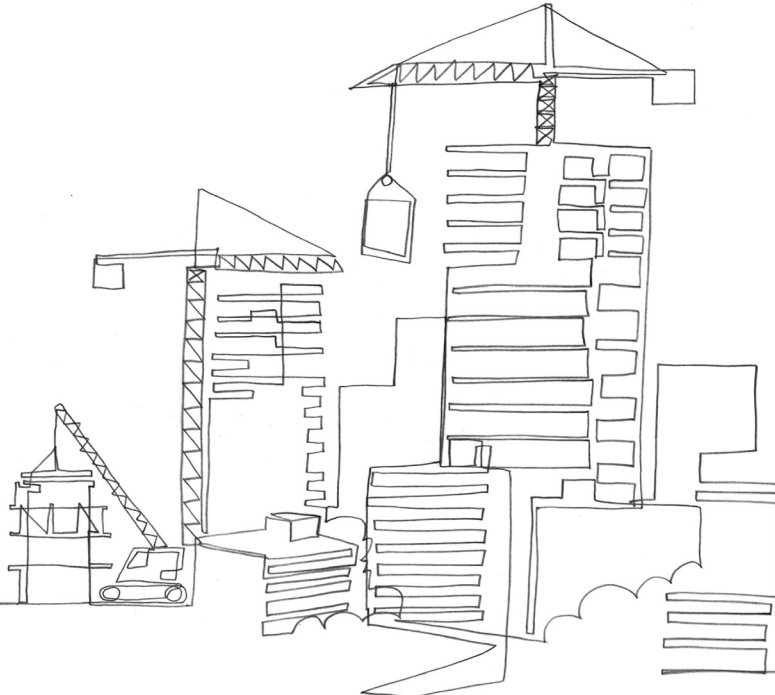
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## Design/Build Contractors Claim Scenario

### *Civil/Traffic Contractor*

The insured designed and installed the layout for a triathlon circuit. During the cycle phase of the event, a participant was struck and killed by a vehicle when they left the dedicated event lane, and entered the traffic lane. The insured was sued for wrongful death as a result of improper design and construction of the course. The participant had signed a waiver releasing the triathlon organiser from any wrong doing, which meant the insured was the sole defendant in the lawsuit.

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