



CLAIMS SCENARIO

DESIGN & CONSTRUCTION PROFESSIONALS

CONTRACTOR'S PROTECTIVE

Design-Build Contractor made a claim against their subcontracted design professional on a large medical facility.

Allegations: Contractor alleges they incurred \$2,000,000 in cost overruns and delay due to:

- » Design errors in the HVAC, MEP and structural steel plans
- » Failure to coordinate design with original owner-specified equipment

Engineer (Subcontractor of design professional) had \$1,000,000 in coverage available.

PROCONSTRUCT POLICY

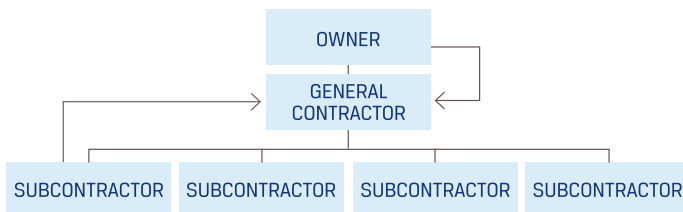
The Protective coverage provided under the policy would pay the difference between the available limit and the total loss.

WHY?

- » The General Contractor / Design Builder (GC) is legally liable to Owner for Subcontractors
- » GC's policy responds to Subcontractor errors
- » Protective Indemnity acts as a Stop Gap

PROTECTIVE INDEMNITY ADVANTAGES

- » First Party Coverage – Helping to maintain relations with owner and contractor
- » Designated Limit of Liability – Will not erode limit available to General Contractor / Design Build Contractor for their losses
- » Provides Stop Gap over Subcontractor's Policy
 - Sits excess
 - Will drop down to primary
 - Acts as difference in conditions / gap coverage of the professional liability policies of the subcontracted design professional
 - Forces settlements from subcontracted staff to be arrived to quicker, keeping projects on track
 - Designates limits for Subcontractor errors



CONTACT:

For more information regarding the ProConstruct Program for Design & Construction Professionals, contact your local Burns & Wilcox office.