

Architect Design/Engineering Professional Liability Recommended Limits to Require

The colleges need to ensure that they are requiring appropriate limits of liability for professional services performed on their behalf. The following tiered approach is based on project costs. It is also important to consider the type of work being performed as sometimes the smallest projects can lead to large losses.

\$1,000,000 Limit for Contracts \$1,000,000 to \$5,000,000.

\$5,000,000 Limit for Contracts \$5,000,000 to \$50,000,000.

\$10,000,000 Limit for Contracts over \$50,000,000.

Other considerations:

- If claims-made coverage, require an extended reporting period of 3-5 years depending on the size and scope of the project.
- Require that defense be in addition to the limit of liability. If not available, consider requiring a higher limit of liability.
- The college should require a certificate of insurance evidencing the required coverage and providing for 60 days notice of cancellation or non-renewal.
- If the project will continue past the expiration date of the vendor's insurance, the college should require another certificate upon policy expiration.
- If the vendor's insurance includes an aggregate limit of liability the college should require one of the following:
 - An aggregate limit double the occurrence limit
 - A separate aggregate limit for the project
- If appropriate, the college may consider requiring that a stand alone policy dedicated to the project be purchased by the service provider; or the college could elect to secure the coverage an owner professional protective indemnity policy.

Please contact Barbara Ellison at FCCRMC should you have any questions at 352-955-2190 ext. 106 or bellison@fccrmc.com.