

PRIVATE PRACTICE AND THE ORDRE'S SUPPLEMENTARY INSURANCE

Answers to your questions

With the launch of its new supplementary group insurance plan, the Ordre has two objectives: to better protect the public and its members. You are wondering about the plan's application and its advantages for members in private practice? Here are answers to your most frequently asked questions.

What advantages can the supplementary group insurance plan provide for me?

There are a number of them, and they are considerable! Before this new plan came into effect, many engineers in private practice did not benefit from insurance in line with the regulatory requirements that govern the practice of engineering, which placed financial risks on those engineers and compromised the public's protection. Here are a few cases where engineers can benefit or would have benefitted from this insurance, which covers the five years following their last professional act:

- *An ex-member of the Ordre being sued for 10 million dollars must defend himself alone because he is not covered by professional insurance.*

The new plan covers services provided by engineers with respect to all claims brought forth while they are insured. In addition, members who do not renew or cancel their insurance benefit from a five year period to make claims related to covered professional services provided before the non-renewal or cancellation of their insurance. Also, the basic plan takes up the defence as long as the individual is a member of the Ordre and for five years thereafter. It should be noted that a member can cancel his or her adherence to the Ordre's supplementary insurance plan or choose not to renew it only if he or she ceases to practise in private practice or if he or she is covered by a new employer's insurance policy.

- *Ex-employees of a business forced to close its doors who could not find coverage for acts having occurred over a minimum period of five years and were faced with being stricken off the Ordre's roll.*

The supplementary group insurance plan covers these acts for a period of five years following the performance of said acts, and those members only had to pay a premium for the first year of coverage

Employers often contract professional liability insurance. Many members no longer have to ask ex-employers, each year, if they are still insured because they have adhered to the Ordre's insurance, which automatically covers these engineers for five years.

- *Actual case: a newly retired engineer was thrilled to learn that he saved the substantial amount of \$36,000 (equivalent to four years' worth of premiums) by benefiting from the Ordre's plan.*

Indeed, members who retire now save up to five years in premiums. This also applies to members who leave private practice, for instance, because of a change in employment.

Engineers who practise in private practice will also benefit from the plan's **other main advantages** in the following cases:

- The Regulation respecting professional liability insurance for members of the Ordre des ingénieurs du Québec (unofficial translation) was designed in a way to allow for **personalized premiums**. Thus, independent or salaried engineers noticed a decrease in their premiums based on their good record.
- Because they worked in a non-insurable field, members in private practice had to obtain a written commitment from their employer and rely on the latter for coverage. Now, members are **protected by an actual insurance policy which covers every field of engineering practice**.
- Certain members had policies which did not comply with provincial and federal legal requirements relating to insurance, namely the requirement to **include defence costs over and above limits of coverage**. The supplementary group insurance plan specifically provides this guarantee.
- Pursuant to the previous regulation, members without a main job had to contract supplementary insurance, even for small mandates. The revised regulation **covers these engineers, even in between regular jobs**, when their fees do not exceed \$10,000 per year (from March 31st of one year to March 31st of the following year) and they practise alone and for their own account in private practice, on an occasional basis.

By implementing a mandatory supplementary group insurance plan, isn't the Ordre circumventing competition and creating a monopoly?

The new Regulation, which was adopted in compliance with the Professional Code, requires that the 12,000 members engaged in private practice adhere to the supplementary group insurance unless they are exempt from doing so in accordance with the Regulation.

That being said, competition is not eliminated since it

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always exists in the market. However, it is now up to the Ordre to "shop around" for its members with respect to the supplementary group insurance plan. For its first contract with an insurance provider, the Ordre issued a call to tender and received numerous answers from insurance companies. The Board of directors chose among the finalists, after an exhaustive review of each proposal.

The agreement that was concluded stipulates that the insurer provide information relating to the loss ratio of the programme (financial ratio between the amount of compensation awarded and paid premiums). The loss ratio includes the amounts of compensation and defence fees, if any. The Board of directors reserves the right to reassess the programme each year and issue another call to tender, should it be deemed appropriate. Thus, the Ordre acts in the public's best interest, with regard to its members' interest as well.

Why do certain premiums increase?

One of the main criteria taken into account by the Ordre's Board of directors when choosing an insurer is the rise (or decrease) in premiums. The agreement entered into with Dale Parizeau Morris Mackenzie Inc. allows for a smooth transition for members of the Ordre.

Several factors can cause premiums to rise or decrease, such as revenue performance, limit of liability, scope of coverage and claims history. In cases where insurance covers members who work both in private and general practice, the fact that the policy stipulates a limit "specific to" services rendered in private practice can also have an impact on the total premiums.

In order to allow you to fully benefit from the agreement, the broker will ask you to provide a copy of your current insurance policy, including all riders or supplementary endorsements, as well as last year's insurance proposal. While you are not obliged to disclose your premium, it is suggested that you provide this information so as to accelerate processing of your file, especially if you are requesting a revision or reconsideration. The broker will then be able to ensure that the proposal complies with the transition agreement.

Implementing the supplementary group insurance plan represents the first step towards a comprehensive coverage for members of the Ordre. In a few years, this plan will allow

us to determine losses experienced by engineers in private practice. In the long run, the Ordre plans to create an insurance fund which, according to experts, is the best way to cover professional liability at the best possible cost.

Given that I am a self-employed professional, why should I contract group insurance?

Groups provide advantages for members. For instance, they provide bargaining power that an engineer or employer along may not have. The Ordre was thus able to negotiate a valuable programme that meets every regulatory requirement. Let us remember that, in the past, many engineers in private practice found it difficult to get insurance that complied with all regulatory requirements such as **liability coverage for at least five years following their last professional act**. What's more, some areas of practice were hard to insure.

The Regulation ensures that all members in private practice are fully covered in accordance with the provisions of the Professional Code. It should be noted that several professional orders already have similar insurance plans or insurance funds that meet these requirements.

Supplementary group insurance plan SIGN UP NOW!

To all members engaged in private practice who already held liability insurance when the Regulation respecting professional liability insurance for members of the Ordre des ingénieurs du Québec came into force, namely April 1st 2013, and who have not yet adhered to the supplementary group insurance plan: you have **until the expiry date of your current policy and no later than April 2nd 2014** to sign your contract with Dale Parizeau Morris Mackenzie Inc. (employers can contract the policy).

Think about it: adherence to the supplementary group insurance plan before the deadline is your responsibility as a professional; this is an obligation set forth by Québec's Professional Code.

The Ordre's insurance broker

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