

PROFESSIONAL LIABILITY INSURANCE

Some significant findings!



What have we learned from the data on claims made by members since the Regulation respecting professional liability insurance for members of the Ordre des ingénieurs du Québec came into force? Here are some revealing, and at times surprising, answers.

700 CLAIM FILES

From April 1, 2013—the year in which the regulation came into force—to March 31, 2017, around 700 losses were reported in connection with the OIQ's group supplementary insurance plan, a much higher number than expected.

About 260 files were settled; in 17% of these, compensation was paid to a third party. In other words, the insurer, an arbitrator or even a court found the engineer concerned by the claim partially liable. However, it should be noted that this percentage will probably rise because the more complex claims involving compensation take longer to process.

As François Vallerand, Vice President of Customer Relations and Programs at Luissier Dale Parizeau, explains, "more than half of the claims, or 59%, are related to one of the following fields of practice: civil engineering, work supervision or mechanical engineering. Furthermore, 37% of the projects concerned by the claims are condominiums,

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multi-dwelling buildings or private residences, and 25%, municipal or commercial institutions.”

These data are instructive for the OIQ and members who seek to improve their professional practice. They corroborate the ENG2020 Plan, especially the "Set up a new professional inspection program" and "Acquire new tools for professional practice" actions. Keep in mind that the OIQ will be implementing this new action plan until 2020 with the goal of better protecting the public and helping to restore trust in the profession.

NO CONTRACT IN 40% OF THE CASES

Another revealing fact is that 40% of the claims concern work performed without a proper contract. "For sure, without a detailed contract, it is very difficult, even impossible, to evaluate what the client expected from the engineer," notes Mr. Vallerand. "This opens the door to disputes, which could result in hefty lawyer fees and higher insurance premiums."

Speaking of costs, the premiums paid by OIQ members are determined by three main factors: the field of practice, the scale of the practice (billings) and the claims. The insurer has developed a preliminary loss experience table. The numerous actions taken under the ENG2020 plan, such as targeting engineers in at-risk fields for professional inspections and developing tools for professional practice, will help better control the loss experience of members.

TOWARD BETTER PREVENTION

It is worth mentioning that the broker sent all of these data to the professional liability insurance committee created last year by the OIQ. In addition to its other responsibilities, this committee reads the information gathered from the loss records and analyzes the number of claims per sector, as well as the claims rate for the main activities. These activities enable the OIQ to improve its prevention efforts with members.

Accordingly, in the coming months and years, the OIQ will use these data to better assist members who require additional professional training. For instance, it will be able to target the fields most affected by claims for its professional inspections and steer its members toward certain training activities, particularly training courses concerning contract management or work supervision.