

## Business Continuity: The Importance of Insurance Protection

Owning an engineering firm or providing engineering services independently can be a fulfilling and lucrative endeavor and a great way to use your expertise to develop a good reputation in this competitive industry. When focusing on new projects and developing business relationships, it's easy to forget the importance of tending to less-exciting business requirements, like professional liability insurance.

Insurance plays an important role in a thriving business; even the most seasoned engineers can become involved in litigation, whether frivolous or warranted. The impact of such litigation can have devastating consequences for your firm's reputation and financial stability.

Having the proper insurance in place can help to mitigate these consequences by ensuring that a claim is settled promptly and effectively.

### **Keep reading to explore three examples of professional liability insurance claims:**

#### **Review**

An electrical engineer was asked to review drawings and plans for the electrical system of a new condo project, originally drafted by another engineering firm. The engineer approved the drawings but she failed to recognize that the

conductors were undersized for the ampacity of the circuits. Unfortunately, the entire building had to be rewired causing delays and adding significant costs to the project.

Although the drawings and plans were prepared by another engineer, the electrical engineer who sealed and approved the plans was also named in a lawsuit, as the client relied on her professional expertise to identify any errors within the plans. This individual was held liable for a portion of the damages which were paid by insurers (after the deductible was applied).

#### **Miscalculation**

An engineering firm was hired to provide a design for a roof of a frame secondary building on a residential property. The drawing was signed and sealed and the roof of the building was constructed accordingly.

Less than 12 months after completion, a heavy snow storm befell and the roof collapsed under the weight of the snow build-up. The engineer and the construction company were both named in a lawsuit.

It was determined that the roof design did not include enough trusses and spacing was too far apart to account for the weight of snowfall that

typically occurs in the winter months in the area where the structure was built.

This engineer was held liable for the replacement cost of the structure's roof and associated legal costs, paid by the insurer (with the exception of the engineer's deductible).

### **Client Complaint**

A business owner hired an engineering firm to produce drawings for an extension to their commercial building. There was a significant amount of back and forth between the two parties and it took longer than anticipated to secure the signed drawings. After receiving the invoice for the work, the client claimed that the amount payable on the final invoice was much higher than the cost that had been agreed at the outset.

The engineering firm explained that the client's conditions for the project had significantly changed since the initial meeting, requiring increased complexity to the engineering work and an accelerated timeline. The firm maintained that they had disclosed the increased charges to the client, which the client agreed to.

As a result of the disagreement, the client made a formal complaint to the Professional Engineers of Ontario (PEO), and the engineering firm incurred legal costs while defending themselves in front of the disciplinary committee. These legal costs were paid by insurers.

OSPE understands the importance of insurance and continues to work closely with BMS to offer an

insurance program that is comprehensive, easy to access, and lead by an experienced team that values client service above all else.



**To secure a quote, report a claim, or to obtain more information, please contact BMS at 1-844-294-2717, or [ospe.insurance@bmsgroup.com](mailto:ospe.insurance@bmsgroup.com)**

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