



THE AOLS PROFESSIONAL LIABILITY PROGRAM

Features, Benefits, and Risk Management Advice

Prepared by Mark Sampson, B.B.A., F.C.I.P.

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Arthur J. Gallagher
INSURANCE & RISK MANAGEMENT



President Dasha Page (shown left) thanks the members of the Insurance Advisory Committee, from left to right, Joseph Young, Dan Dzaldov and Mark Sampson for their presentation.

I had the pleasure of attending the AOLS AGM this past February at Deerhurst Resort in Huntsville, Ontario. At that meeting, I co-presented a seminar on the roles of the insurance advisory committee, the features and benefits of the Association's Insurance Program, and common errors made by Ontario Land Surveyors. The copresenters were: Dan Dzaldov, B.Sc., O.L.S., O.L.I.P., and Joseph Young, O.L.S.

For those members who did not have a chance to attend, here is a summary of our presentation.



1. Current Members of the Insurance Advisory Committee

- Executive Director – Blain Martin
- Insurance Broker – Mark Sampson
- Insurance Adjusters – John Breese, Steve Snider
- O.L.S. members – Dan Dzaldov (Chair), Rudy Mak, Martin Nesbit, Dasha Page, Joseph Young



2. Role of the Insurance Advisory Committee

- No Legislative Authority – only deals with issues regarding the AOLS Professional Liability Program
- Review claims presented by the Insurance Adjuster
- Give technical advice to the Adjuster on the potential negligence of the Surveyor
- Suggest ways to mitigate the loss/error
- Review the Insurance Program rates and loss performance
- Review pricing structure to members
- Special Issues – good or bad



3. Features and Benefits of the Professional Liability Program

One of the unique features in the insurance program is a feature called a “Profit Sharing Endorsement” that rewards our members for good loss history in any one year.

There are many benefits to being insured through the Association of Ontario Land Surveyors Professional Liability Insurance Program. These include:

- Broad Insurance Coverage
- Expert Claims Handling
- Excellent Customer Service and Professional Advice
- Competitive and Stable Pricing
- Free Retirement Insurance Coverage for members who have been insured with the Program for a minimum of 5 consecutive years
- Profit Sharing Endorsement

One of the unique features in the insurance program is a feature called a “Profit Sharing Endorsement”. This endorsement rewards our members for good loss history in any one year. We were extremely pleased to inform the members that in the 2009-2010 policy term, the profit sharing endorsement was triggered and a premium refund was issued to the members.

Details

- The total premium return is \$172,534 based on the loss performance in the 2009-2010 term.
- The Insurance Committee decided to retain \$20,000 to invest in further loss control seminars for the members.
- To be eligible, the firm has to currently be insured with the AOLS Insurance Program.
- The total refund by firm was proportionally split by the total % of premium paid by each firm in the 2009-2010 term.

I had the distinct pleasure of personally handing out the profit sharing cheques to each firm that is currently insured with the program. This enabled me to meet each member and thank them for being a part of the Association’s Insurance Program and contributing to its success.

As mentioned above, the Insurance Advisory Committee decided to retain \$20,000 of the premium refund and invest it in future loss control seminars. These seminars will strive to further educate the members on ways to avoid errors and thereby reduce the number of claims and hopefully trigger this endorsement again in future years.



4. Common Errors

The trend seems to be that 40% of the errors occur in the field, while 60% of the errors are as a result of a lack of proper office checks or incorrect calculations.

At the Q1 2015 Insurance Advisory Committee meeting, there were 16 new claims presented by the Adjuster. Of the 16 reported “incidents”, 1 was a topographic-related error, 3 were legal issues and 12 involved potential construction errors. The trend seems to be that 40% of the errors occur in the field, while 60% of the errors are as a result of a lack of proper office checks or incorrect calculations. Dan Dzaldov reminded the attendees that most of the field and office errors could be caught by office checking, be it the next day for field work or by a second person taking a look at the office calculations.

Here is a summary of some of the common errors that we see at each Insurance Advisory Committee meeting:

Layout / Elevation Errors

- Setting of benchmarks
- Incorrect cut information – calculation errors
- Topographic surveys – elevation errors
- Relying on benchmarks or elevation information provided by other parties or set on movable objects

Setback Errors - Residential and Commercial

- Locating boundaries
- Mathematical calculations
- Failing to check house plans or changes in the model or reversal of elevation
- Failure to check for minor variances or subdivision agreement variations (bylaws, unique topography)

Commercial Layout Errors

- Gridline errors
- Foundation issues
- Piles and/or caisson errors
- These errors are caused by plans being out of date, using the wrong plan, or the use of different formats when reproducing plans (digital pdf, AutoCAD).



5. The Cost of Making an Error or Omission

The “hidden costs” of having a claim are: damage to your reputation, loss of productivity, and a loss of profitability.

There is a direct cost to making a professional error. There is a minimum \$5,000 deductible that is payable to the insurance company (Intact Insurance). In addition, your premium will be surcharged by 12% of the value of the claim. The surcharge is payable over 3 years.

Claim Example: total claim paid = \$105,000. The firm would pay \$5,000 deductible to Intact Insurance. The claim surcharge would be $(\$105,000 - \$5,000) \times 12\% = \$12,000$. The premium would therefore be surcharged by $\$12,000/3 = \$4,000$ per year for 3 years. This formula applies to all surveyors who are a part of the AOLS Insurance Program. Those that have claims, pay a higher insurance premium.

Please also remember that there are additional “hidden costs” of having a claim. There is damage to your reputation, a loss of productivity (defending the allegation/claim), and a loss of profitability (unpaid remedial work, loss of fees).

Surveyors never intend to make a mistake. Errors often occur because of poor communication with the office, architects, engineers, or contractors. Please take your time and do the proper research, office checks, and calculations. Fewer mistakes will have a positive impact on the loss performance of the insurance program and result in a lower premium and a higher potential of triggering the profit sharing endorsement again in the future.

If you have any other questions with regards to the Professional Liability Program, please contact:

Mark Sampson BBA, FCIP
Senior Vice President, Commercial Insurance
(formerly of *CG&B Insurance*, now known as *Arthur J. Gallagher*)

120 South Town Centre Blvd. | Markham ON L6G 1C3
direct: 905.948.2631 | toll free: 1.800.267.6670 ext. 2631
mark_sampson@ajg.com

