



Architects & engineers professional liability: Premium rating guidance

Rating overview

As with most insurance, premium for an architects & engineers (A&E) professional liability policy is based on several different risk factors. The primary rating factors for an A&E policy are the Type of Firm, the Services provided, the Location of the firm, Coverages selected, the Billings from the past 12 months (the fees a firm charges their clients for services provided), and the Loss History over the last 5 years.

Type of firm

There are several types of firms that fall under our A&E program, and we offer coverage for the following types of A&E firms:

- Architects (including landscape architects)
- Engineers (including civil, structural, electrical, and mechanical).

Services

This is a crucial section of the application because each type of service may have a different relative risk leading to different risk profiles even for firms in the same design discipline. Most design firms will have a variety of services they provide. It is important to relay that in the application to get a proper premium for the risk.

For example, an architect may offer services such as feasibility studies, interior design, and/or landscape architecture. These services are typically lower risk than full-service architectural services. Below are examples of typical service breakdown by type of firm:

ARCHITECTURE FIRM

ARCHITECTURE 40% / OTHER SERVICES 60%

- Feasibility studies, reports, opinions, and master plans 25%
- Drafting services 20%
- Interior design 5%
- Concept design without construction documents 3%
- Construction/program management 2%
- Landscape architecture 2%
- Schematic design with construction documents 3%

CIVIL ENGINEERING FIRM

CIVIL ENGINEERING 35% / OTHER SERVICES 65%

- Land surveying 25%
- Feasibility studies, reports, opinions, and master plans 10%
- Concept design without construction documents 10%
- Construction/program management 15%
- Forensic engineering 5%

Structural, electrical, and mechanical engineers as well as land surveyors will also offer many of the services noted above, but to a lesser extent. Other common services include feasibility studies, reports, opinions, and master plans; concept or schematic design without construction documents; construction/program management; and forensic engineering.

Billings

Reporting Period = billings from the past 12 months, or fiscal year. It is extremely important to note the From and To dates with Month, Day, and Year and ensure it covers the full span of the last 12 months.

For firms that are just starting in private practice and have not yet completed a full fiscal year, a conservative estimate of the first-year billings should be provided on the application.

For example, a firm with a fiscal year running from June to June would show the billings for the fiscal year in the 'Past Fiscal Year' column and from June to the current date in the 'Current Fiscal Year' column as shown below:

ACCOUNTING YEAR DATA

4. List your professional services billing information below, including billings from sub-consultants.

	Current Fiscal Year	Past Fiscal Year	Second Past Fiscal Year
4A. Date of Reporting Periods	From: 06/20/24 To: 11/01/24	From: 06/20/23 To: 06/20/22	From: 06/20/22 To: 06/20/23
4B. Total Gross Billings	\$350,000	\$750,000	\$600,000
4C. Direct Reimbursables <small>(not to include sub-consultants)</small>	\$	\$	\$
4D. Sub-consultants	\$	\$	\$

In the example above, if the firm's fiscal year ran from November to November, all amounts would be recorded in the 'Past Fiscal Year' column, leaving the 'Current Fiscal Year' column empty.

Gross Billings = all fees, including those generated by sub-consultants.

Direct Reimbursables = expenses that are typically reimbursed by a client e.g. travel expenses, per diem, etc. These do not include billings from sub-consultants.

Sub-consultants = all billings from sub-consultants the firm engages with to provide services, even if the sub-consultants carry their own insurance.

Loss History = a currently dated loss run for the last 5 years is required for new submissions unless the firm has not been previously insured.

About Victor

Victor is one of the world's largest managing general underwriters with locations in the US, Canada, UK, Netherlands, Germany, Italy, and Australia. It handles more than \$4 billion USD in premium on behalf of numerous insurance carriers, through a large network of more than 20,000 active insurance agents and brokers. With deep, specialized underwriting expertise, the company delivers a wide range of insurance solutions – from specialty property and casualty and professional liability insurance to group and retiree benefits. Victor is committed to building on 65-plus years of experience to develop products and services that address the complex needs of its customers.

Get started

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This document is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the program described. Please remember only the insurance policy can give actual terms, coverage, amounts, conditions and exclusions. Program availability and coverage are subject to individual underwriting criteria.

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