

How Valuable is Berkley Design Professional's First Claim Deductible Credit?

By Robert J. Connor, JD, CIC

Senior Vice President, Chief Marketing Officer, Berkley Alliance Managers, a Berkley Company



While professional liability is a real risk to all design firms and purchasing professional liability insurance is a prudent course of action, the fact is that many design firms never have a claim. Berkley Design Professional's First Claim Deductible Credit recognizes that fact and provides policyholders with significant savings on their deductible if they meet the requirements in the policy.

The specific policy¹ language is:

If the first Claim you ever report to us is made against you:

- a. *Greater than 24 months after the Knowledge Date shown on the Policy Declarations, then your Deductible obligation for that Claim may be reduced by 25%, subject to a maximum reduction of \$40,000; or*
- b. *Greater than 36 months after the Knowledge Date shown on the Policy Declarations, then your Deductible obligation for that Claim may be reduced by 50%, subject to a maximum reduction of \$40,000.*

If more than one Deductible Credit applies, your Deductible obligation will be reduced by 50%, subject to a maximum reduction of 50%.

So, once your firm is a Berkley Design Professional (Berkley DP) policyholder, it can accrue the benefit of this deductible credit after only two years of continuously being insured with us. And the benefit is significant: 25% of your firm's deductible! This benefit increases to a 50% reduction of your firm's deductible if a claim is made after your third year of continuously being insured with us.

Because a design firm is responsible for their deductible and the deductible is the first money that is paid on a claim, this credit can have a significant impact on a design firm – especially as the amount of the deductible increases. These savings can have a direct impact on the profitability of a design firm. In essence, it is like building a balance in your firm's bank account as a reward for remaining claims free!

While the First Claim Deductible Credit, in and of itself, offers significant value, Berkley DP's total value proposition cannot be analyzed in a vacuum. More specifically, if your firm combines this credit with using our award-winning online Learning Management System (LMS), BDP Risk®, a design firm is maximizing the value for its premium. In short, your firm's insurance premium is no longer an expense, it is an investment.

The BDP Risk® LMS has, literally, hundreds of tools and tactics to help design firms minimize or avoid potential claims, improve their business practices and increase profitability. Our research demonstrates that design firms who actively participate in risk management education on BDP Risk® LMS have fewer claims which makes the First Claim Deductible Credit that much more valuable.

So, by taking advantage of the resources available on our BDP Risk® LMS, design firms can avoid claims which makes our First Claim Deductible Credit that much more valuable for our policyholders. And that's a value proposition that is hard to argue with.

¹ [Berkley Policy: BDP0417001](#), VII Conditions, G. Deductible Credits, 3, page 8

About the Author



Robert J. Connor is senior vice president, chief marketing officer, at Berkley Alliance Managers, a Berkley Company. Bob has more than 25 years of experience in the professional liability segment of the insurance industry. He has worked in a number of roles including underwriter, regional vice president, retail broker, wholesale broker and business development manager. Prior to joining the insurance industry, Bob practiced law. These roles, responsibilities and experiences provide him with a unique perspective. Bob earned his Juris Doctorate from St. John's University School of Law and a Bachelor of Science degree in Economics Management from Ithaca College. Contact Bob at rconnor@berkleyalliance.com.

