

Shutting Down a Design Firm Doesn't Necessarily Shut Off the Risk

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There may be considerable concern when a design firm is ready to close its doors even though this doesn't just happen without significant planning and preparation. While there are many moving parts when it comes to closing a design firm, the most important is to ensure your architect and engineer clients can protect their assets from any claims that may arise in the future.

In the A&E industry, claims don't necessarily happen immediately; often claims don't become apparent until after the design and construction phases are complete. They can even arise years later, long after the firm purchased its last annual professional liability policy. So, how do you help protect your clients?

Here at Berkley Design Professional, we have excellent options to ensure your client is covered. We offer the traditional Extended Reporting Period (ERP) options, as well as a broader coverage, Run-off policy.

ERP coverage is granted via endorsement on the expiring policy. This option is available to all Berkley Design Professional policyholders even those who will be non-renewed. Currently, options available are one-, two- or three-year terms: this coverage is nonrenewable. Starting in 2025, our new filing will provide a 5-year term. The remaining limits from the expiring policy will apply for the full ERP term and there is no coverage for ongoing projects. Lastly, coverage is limited to actual claims only, thus eliminating free circumstance assistance.

Unique to Berkley Design Professional is a renewable three-year Run-off Policy with up to six years of coverage in total. The eligibility requirements for this coverage are that the firm must be insured by us for at least two years and be in good standing. Coverage is limited to Prior Acts and all projects must be completed at the inception of the Run-off Policy. There is the ability to endorse a limited number of ongoing projects (typically three or fewer) which is at the underwriter's discretion. Coverage is extended to both circumstance files and actual claims. Lastly, unlike the ERP which is limited to the remaining limits of the expiring policy; a Run-off

provides a fresh 3-year term aggregate limit. A term aggregate limit means the policy's limit applies over the full term of the policy period.

An option is also available to cover the situation where the firm is still active, but a partner decides to retire. You can learn more about our Retired Partners Coverage in the blog [Retirement Planning for Design Professionals – Are Your Clients Covered for Professional Liability?](#)

Armed with the knowledge of these options, you can help your client rest assured that their assets are protected years after they have closed their firm.

About the Author



Cinnamon Connally is an underwriter for Berkley Design Professional. She joined the company in 2022. Prior to her experience in A&E professional liability insurance, Cinnamon worked in the banking industry for seven years.

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