

# Proceedings of the Institute of Acoustics

## AN ACOUSTIC ENGINEER - AN INSURER'S VIEW

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Twenty years ago Professional indemnity Insurance was almost an unknown quantity. Since that time the general public has become more aware of the potential problems that the Professional Person can cause and coupled with that the wave of increased litigation, probably inherited from the United States, this has meant that the requirement to insure against Professional Negligence has become more of a necessity rather than a voluntary undertaking.

As a class in it's own right the profession of the Acoustic Engineer seems to have little history in the Professional Indemnity Insurance Market. It may be that this is because the Acoustic Engineer is not often directly involved with an Employer, but rather they have been appointed on a sub-contract basis by the Architect or other leading Consultant who is co-ordinating the Project for the Employer and the requirement for insurance has not been passed down the line.

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All Professionals owe a duty of care and breach of this duty can result in a heavy financial penalty for the individual Company or Firm. Professional Indemnity Insurance is designed to protect the Consultant against this risk and has therefore become an important part of the Consultant's professional life.

Every Professional person effectively holds himself or herself out to be expert in their own area of operation and as such the Employers and the Public expect to see a high level of experience and expertise being exercised. It is therefore not unusual to find that when mistakes or errors occur the Employer turns to the respective experts for explanation and redress.

When considering the risk of any Firm, irrespective of the Profession in which they are involved, several differing factors are taken into account before arriving at a decision on the required premium.

These factors include:-

The History of the Firm.

The territorial areas in which the Firm is undertaking work.

The types of contracts the Firm undertakes.

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The sizes of the Contracts that the Firm undertakes in relation to the Total value of the Contract.

The relevant experience of the personnel of the Firm.

The overall fee income or turnover of the Firm.

Whether any problems on contracts have been encountered in the past.

Whether any recent Court decisions affect the liability of the Consultant.

The current availability of Insurance.

Many Insurers take differing views on the importance of any one factor but generally all these factors should have a bearing on an Insurer's final decision which invariably is related back as a rate charged on the fee income of the Firm in the preceding twelve months, as it is felt that the greatest exposure is on that work that has recently been completed or undertaken rather than on work that has yet to commence. However with limited experience in the field of Acoustic Engineering Insurers may adopt a somewhat cautious approach in their assessment.

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## Reducing the Risk

This matter would probably be best addressed by the Industry itself, however input from the Insurance Industry on those areas that have caused claims and problems could prove useful in highlighting areas of the most common occurrence.

If other aspects of Engineering were taken as a guide (eg Structural or Electrical) then aspects such as:

Lack of supervision

Maladministration of the Contract

Cost over-runs

Design/Specification Error

have all contributed to the majority of claims seen by Insurers. In addition to this a lack of understanding in the Employer's requirements and badly drafted contract agreements has caused concern and claims.

How to solve these problems would vary for Firm to Firm but we have seen that by allowing additional time and care in the early stages of a contract has reduced problems that have occurred at later phases.

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It is sometimes important for a Firm to acknowledge it's own limitations when undertaking work. Heavy demands for time and expertise create intense pressure on staff and consequently the element of human error can occur.

Much has been made of Quality Assurance and Quality Control over that past few years and it is widely felt that this may help reduce the risk of the Firm if this method is effectively and correctly employed.

Potential claims and risk can only really be erased and reduced by effective management, efficient control and active involvement and supervision. Staff awareness to the problems that may occur at a later date can also eliminate the small mistakes. The management aspect may take the Engineer away from his or her traditionally recognised role as a Designer however history has shown that those Firms that have in force a structured approach to work and who have been able to combine management into the role of Designer have been able to limit the potential risks - although not totally eradicate them.

An understanding of the needs and requirements of an Employer at any early stage of the contract avoid unnecessary disagreements later and it is therefore important to obtain properly worded agreements between all concerned parties fully detailing the roles to be undertaken and the services to be provided.

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## Overseas Contracts

Most countries in the World are acceptable to the majority of Underwriters with the exception of United States of America, Canada and some African and Middle Eastern Countries.

Underwriters tend to look for effective supervision on overseas contracts in areas where the firm might not have a permanent office and well as a clear understanding of the duties to be performed.

There is no reason that overseas contracts cannot be covered under a Professional Indemnity Policy however full details of the contract should be provided to Insurers so that any amendments to the Policy can be made and a view taken whether inclusion of cover is feasible.

Particular attention is given to the local jurisdiction and local insurance requirements to ensure that if cover is being provided it does not extend the Policy beyond that which would normally be available within the United Kingdom.