



Our **architects and engineers** policy in action

Today's businesses are constantly evolving and at CFC, we understand that your insurance needs to keep up with these changes. Our comprehensive wordings are designed to simplify coverage for even the most complex exposures, providing protection against traditional and emerging risks, in a single modular package.

Here we'll explore how our comprehensive solutions come to life through real-life claims scenarios.



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Errors and omissions

The insured, a construction management agency provided project management and oversight on a custom home project.

A breakdown in communication between the contractors caused project delays which led to additional costs and expenses by the client. The insured was sued by the client for project mismanagement and negligent supervision and quality control.

The policy provides coverage for sums the insured is legally obliged to pay as a result of any claim first made against you, arising out of your business activities for a negligent act, error, omission, misstatement or misrepresentation committed by the insured.



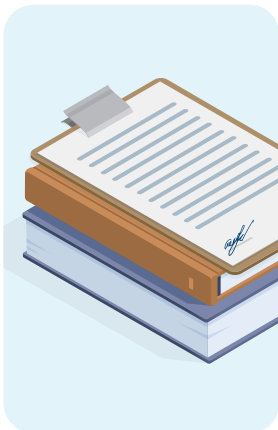
Subcontractor vicarious liability

The insured is a construction management agency for single-family homes, who subcontracted out the design work on a project to an architect.

A claim was made against the insured for design defects on one of the homes they provided construction management agency services for.

As a design claim, the insured looks to pass this claim onto the architect. However, they discovered the architect has allowed their insurance to lapse.

Our policy would cover the insured for sums they become obliged to pay as a direct result of any act, error or omission by a sub-contractor whilst working on the insured's behalf.



Breach of contract

The insured signed a contract detailing their own roles and responsibilities in a new project, which stated the project would be completed to a high standard and on time.

Multiple meetings and recorded discussions indicated that budgets and time frames were going to plan, with the aim to coincide with the customer's new product launch which made deadlines particularly tight.

Partway through the project, it was alleged the insured's services were sub-standard and could delay the project which was a breach of the contractual agreement.

The policy provides clear, unambiguous cover for breach of contract. We will pay sums the insured legally becomes obliged to pay as a result of a claim made against them, including liability for the claimants' costs and expenses.



Contingent bodily injury and property damage liability

The insured, a building code inspector, checked a multistorey apartment building with multiple flights of stairs connecting the floors, plus accompanying hand railings for building code compliance.

After a resident took a fall down a flight of stairs, badly injuring their back, it was found the hand railings were too low and the steps too narrow. Therefore, they did not meet code and should not have been signed off by the inspector. The insured was then sued.

The policy provides coverage for sums which the insured becomes legally obliged to pay as a result of any claim first made against you, arising out of bodily injury or property damage caused as a direct result of your business activities.



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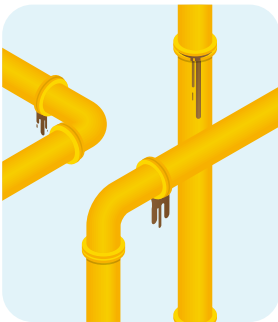


Intellectual property

The insured launched a new website and elected to use stock images found via search engine to decorate it.

However, these images were copyrighted by their publisher. The insured was issued a cease-and-desist letter before having a lawsuit initiated against them when they failed to take the images down within the specified time frame.

The policy covered the insured for legal obligations arising from claims related to business activities involving intellectual property rights. This includes infringement, breach of license, failure to attribute authorship, passing-off, piracy, plagiarism, misappropriation of content, and breaches of contractual warranties related to intellectual property rights.

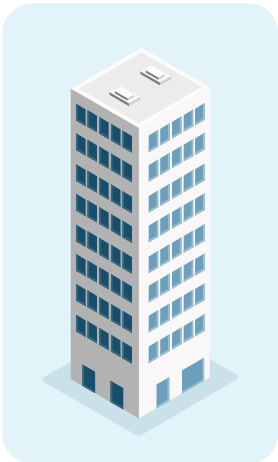


Pollution liability

The insured civil engineer provided site development services for a residential subdivision.

Once complete, the wastewater overflowed from the outdoor drains causing considerable damage. Due to the inadequate drainage, the insured was sued for defective design by the homeowners.

The policy provides coverage for sums which the insured becomes legally obliged to pay as a result of any claim first made against you arising out of pollution caused as a direct of your business activities, including costs and expenses.



Regulatory costs and fines

An insured LEED building inspector was hired by multiple entities in New York to certify their buildings met the minimum energy performance standards required to receive government incentives such tax breaks and tax credits.

However, government inspections on several of the buildings the insured had signed off revealed they were not up to the minimum LEED Gold standards.

A full official regulatory investigation was launched by the government into the insured's services provided on all of these projects due to this breach of legal requirements. The Insured incurred several costly expenses and fines.

The policy covers costs, expenses and any fines or penalties on your behalf as a result of any regulatory investigation first initiated against you arising directly out of the provision of your business activities.



Dishonesty of employees

The insured is a HVAC Engineer who redesigned HVAC systems for a shopping mall complex.

During the project, multiple stores claimed that money had been missing from the tills when the insured's employees were on site.

Allegations were made against the insured for theft of money by their employees and they were sued for dishonesty of employees in the provision of their business activities.

The policy provides coverage for sums which the insured becomes legally obliged to pay as a result of any claim first made against you, arising out of any dishonesty by any employee in the provision of your business activities.



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Payment of withheld fees

Following completion of a project, the insured raised an invoice for its services. When chasing for payment of the invoice, the client raised concerns over the quality of the work performed, indicating they would pursue a claim for negligence and poor performance. The insured and the client agreed that the insured would discount the invoice if the client agreed not to take further action against the insured.

We provide cover for payment of withheld fees in instances where a client has brought or threatened to bring a claim that would be covered under the policy, if the claim is for an amount higher than your withheld fees when you attempt to recover the fees from them.



Reputation and brand protection

Word spread about issues the insured experienced on a project where they were in dispute with the former client. A local newspaper picked up the story and published an article specifically naming them in relation to the claim.

One of the insured's existing clients read the article and became concerned about the insured's professionalism and contemplated terminating the insured's contract. Prospective clients then considered opting to go with competitors as they didn't feel confident in the company's abilities. The insured was anxious about the article, having been trading for 20 years without issue, and were worried for the future of their business.

We provide cover for the retention of a public relations expert to mitigate damage or protect your brand as a result of any media report that names or publicizes an act or event that is the subject of a claim which would be covered by the policy.



Commercial general liability

A client visited the insured at their business premises. On entering the office, the client slipped on a loose mat in the office entrance, hitting their head and hurting their back. Due to their injuries, they brought a lawsuit against the insured.

The policy agrees to pay on behalf all sums that the company and its employees become legally obliged to pay as a result of any claim arising out of bodily injury or property damage in the course of your business activities including at the premises.



System damage and business interruption

The insured used CAD software to produce its engineering designs for clients. It stored clients' files digitally, including designs on its computer system.

Hackers managed to identify a vulnerability in the insured's operating system which allowed ransomware to spread through the shared drives, encrypting the data files and making them inaccessible.

When the business attempted to restore its data, it was discovered their cloud backup had been failing since 2014, meaning that every document, design specification, drawing or print for their projects was unrecoverable. As these documents were essential to the insured's business, the only remaining option was to re-create the data from scratch which involved the use of engineers working under the guidance of the company itself.

The total cost of the engineers working overtime to rebuild the lost data would have totalled at least \$270,000. Unlike many other cyber policies, we provide cover for contract staff, consultancy and overtime costs for rebuilding lost data, as well as covering the cost to recover or restore data from back-ups.



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Cybercrime

The insured regularly worked with suppliers and sub-contractors to carry out their projects and send invoices electronically. One of the insured's employees clicked on a suspicious link in a phishing email. This allowed a threat actor to gain access to the employee's emails, including to their standard template for invoicing, and email footers, as well as access to their contacts list and to see their incoming and outgoing emails.

The threat actor set up an autoforward on the client's email address, directing proper correspondence into the client's deleted items folder, enabling the threat actor to pose as the insured's client and send out emails on the insured's templates to their contacts advising of a change of bank details, asking clients to now pay invoices to a new bank account. As these emails were being sent as part of a legitimate earlier email chain and appeared to be coming from the insured's account, the clients did not have any suspicions over the emails.

One of the insured's clients processes one of these 'false' invoices, sending payment to the threat actor instead of the insured. The insured only became aware of the fraudulent activity when it chased a client for unpaid invoices and the client produced evidence showing they 'paid' the insured.

Cybercrime is one of the most frequent and severe types of cyber claims, and our policy covers funds transfer fraud which is frequently seen in the professional service space.

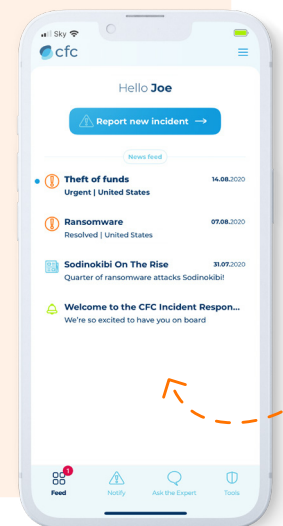
Proactive protection

With the growing threat of cybercrime impacting professional service lines more frequently, it's crucial to have the right cover in place.

Every policyholder has the CFC Response app at their fingertips, providing vulnerability scanning, threat monitoring and real-time security prevention to help prevent cyber attacks before they happen. If an attack does occur then the app is the quickest way to report an incident and activate the largest the largest in-house incident response team in the market to get you back online, fast.

CFC also have an expert in-house claims team of 60+ claims handlers and incident responders. We utilize domestic lawyers worldwide to provide the best support for clients when the worst-case scenario occurs.

CFC's comprehensive policy offers complete peace of mind to your company ensuring you can get back to doing what you do best: running your business.



To find out more about CFC's professions policy, please contact professions@cfc.com

These examples are intended for illustrative purposes only. Each claim submitted to CFC by an insured is based on the terms and conditions of the coverage provided to that particular insured and the facts and circumstances relating to a particular claim. Coverage is subject to underwriting and the terms, conditions, and limits of the issued policy.

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