

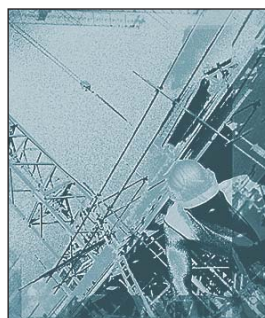


Claims Survey 2005

Architects & Engineers

Professional Liability Program

Reported Findings



Claims Study for Architects and Engineers Professional Liability Program

Prepared by Victor O. Schinnerer & Company and CNA

Introduction

Insurance claims may be the last thing an architectural or engineering firm wants to discuss. And yet, the claims handling process is one of the most important factors in choosing an insurance program. To determine policyholder satisfaction with the claims process, Victor O. Schinnerer & Company and CNA decided to perform their first claims survey since 1999.

The Facts

An independent research firm interviewed 82 firms that closed a professional liability claim within the 18 months preceding the study. All of the surveys were conducted with contacts who were directly responsible for claims settlements in their firm. Of those interviewed, 90% were principal/owner/partner or CEO. Interviews were conducted in the spring of 2005.

The firms were chosen from a list of 500 firms who represented a gamut of sizes and geographic regions.

We asked these firms about their entire claims experience, from reporting the claim, to working with their claims representative and attorney and settling the dispute. The following summarizes our findings.

Reporting a Circumstance

Claimants place a high value on circumstance reporting. At least four in five (89%) consider it extremely or very valuable to have the ability to report an incident and still get assistance as part of their policy coverage. They also recognized the importance in having the ability to lock in policy coverage for a circumstance by reporting it even though it is not yet a claim (81%).

Terminology specific to the claims process, explanations or descriptions are provided in italics for clarification purposes. For further information, please contact Mary Jefferson, Senior Vice President, Victor O. Schinnerer & Company at: 301-951-9798 or Mary.L.Jefferson@Schinnerer.com

Responsibility of Interviewed Clients	
Principal/Partner/Owner/President/CEO	90%
CFO	4%
Office Manager	4%
Risk Manager	2%

Location of Interviewed Firms	
Northeast	35%
South/Southeast	29%
Midwest	22%
West/Southwest	13%

Interviewed Firms' Size in Billings	
Billings under \$500,000	33%
\$500,000 to \$5 million	42%
over \$5 million	21%

Circumstance reporting is the ability to report a problem to the insurance carrier before it becomes an actual claim. By reporting an incident early, the policyholder benefits from the carrier's ability to settle a dispute before it escalates.

Reporting a Claim

Most claims (76%) are first reported to the firm's insurance broker – rather than through a carrier's hotline. Some respondents suggested that offering access to an online claims form would be a plus.

Schinnerer's online claims form went live in March and can be viewed at:

<http://www.schinnerer.com/form/edit.do?classID=AEClaim>.

Responding to a Claim

Prompt response to their claim report is key. Three in four claimants were contacted within 48 hours, which resulted in a high level of satisfaction for 9 out of 10 claimants.

Nearly all respondents (93%) say that their claims representative explained the claims process to them. And the vast majority (84%) said they are satisfied enough with their initial claims contact that they would not change the process. Virtually all firms interviewed think that attentive and responsive claims representatives (98%) and experienced claims attorneys (96%) are critical to the claims process.

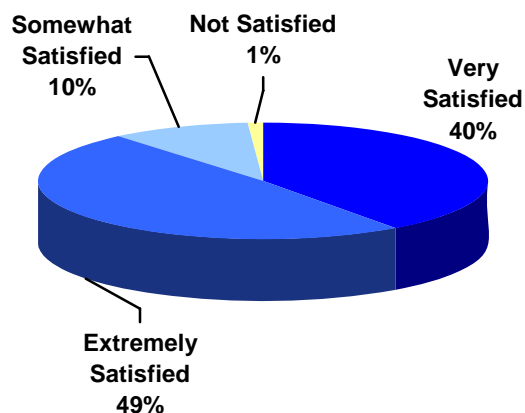
Working with Claims Representatives

Satisfaction with these claims representatives was high. 90% reported being extremely or very satisfied. Claims representatives also generate strong satisfaction on knowledge and expertise (93%), responsiveness (90%) accessibility (90%) and frequency of communication (79%).

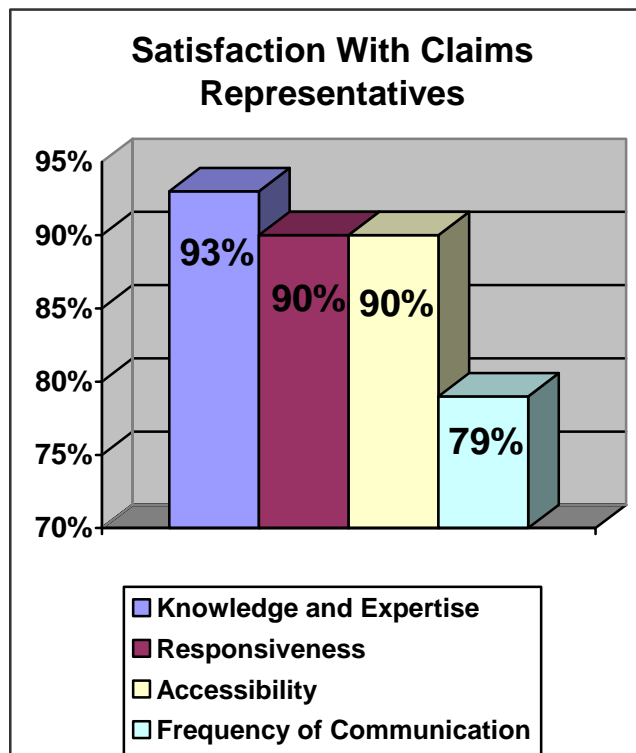
For eight in ten, quick resolutions (83%) and communicative claims representatives (82%) are important considerations when purchasing policies.

Although claimants overwhelmingly prefer telephone communications with claims representatives, most claimants (57%) admit there are events during the claims process that warrant a face-to-face meeting.

Satisfaction With Response Time



Schinnerer and CNA assign one of 35 countrywide claim representatives to each case.



Working with Claims Attorneys

Satisfaction with claims attorneys was high. 89% reported being extremely or very satisfied with their attorneys. Four out of five respondents worked with an attorney on their most recent claim and gave them strong satisfaction scores for knowledge & expertise (89%), responsiveness (85%), accessibility (85%), and frequency of communications (80%).

Most of the survey respondents (73%) received a resolution plan from the claims attorney. Three-quarters of the claimants (77%) regard a resolution plan as extremely or very important to the claims handling process.

Most respondents (77%) feel mediation is the best method for settling claims, primarily because it is a fairer, more collaborative process (38%), saves money (38%) and is more efficient or faster (25%) than arbitration or trial.

Paying Fees and Expenses

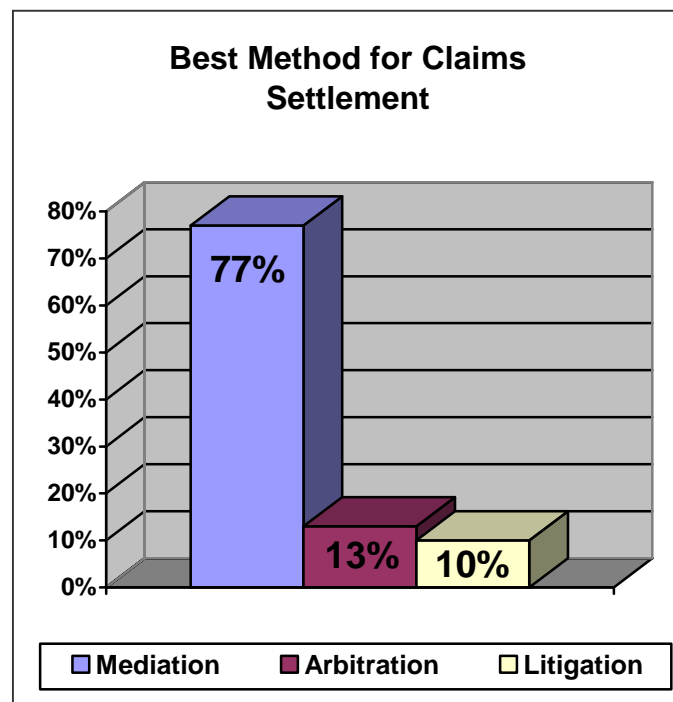
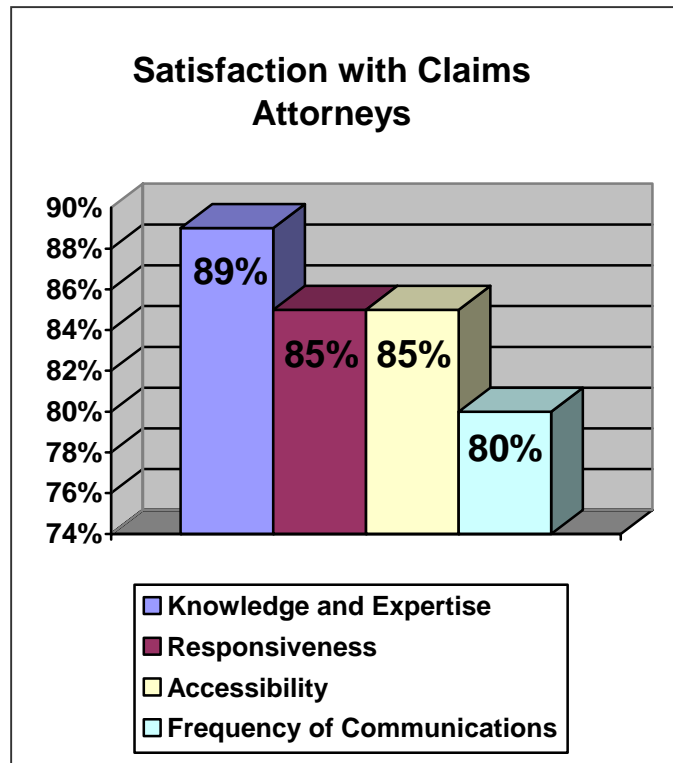
Although most were unaware of the final legal expenses for their claim, seven in ten (71%) said that the out-of-pocket expenses were what they expected them to be. (See chart on following page.) A few say that these expenses were higher (7%) or lower (9%) than expected.

Study Sponsors

The preceding study was co-sponsored by Victor O. Schinnerer & Company and CNA, partners in the DesignOne insurance program for architects and engineers.

Victor O. Schinnerer & Company, Inc., is one of the largest and most experienced underwriting managers of professional liability and specialty insurance programs in the world. Schinnerer now serves more than 20,000 insureds in the construction industry program through independent agents and brokers. Learn more about Schinnerer at www.Schinnerer.com.

The Schinnerer and CNA program assigns an attorney as needed. These attorneys are drawn from a pool of highly experienced and successful legal defense firms – firms that have specialized knowledge of the construction industry and professional liability claims. Often, the attorney assigned to a case works directly with the firm to develop a step-by-step resolution plan that explains options, strategies and questions. This resolution plan can help take some of the uncertainty out of the claims resolution process.



CNA is a leading global insurance organization serving businesses and individuals with a broad range of insurance products and insurance-related services. Since 1897, CNA has built on a foundation of financial strength, stability and commitment to customers and business partners.

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