

Information to assist with preparation for CBEPS Examination C11 – Business Practices and the Profession

Insurance and your Business

This information bulletin addresses the typical insurance required by a professional Land Surveying business. As a disclaimer ***this is not insurance advice but general information*** to help you form the questions you need to ask.

Your business likely has policies for Commercial General Liability, Vehicles, and Professional Liability (also commonly referred to as Errors and Omissions insurance). As the insurance industry is a provincial responsibility the names may vary by province. Each policy has many sub-categories that detail the coverage.

Read the detail of your existing policies provided by your Insurance Broker or Professional Association. It might be dull reading but do it at least once in your career: the sooner the better. At minimum, read the Table of Contents.

Recent Syllabus C11 exam questions on business situations produced some wildly incorrect answers that reflect a lack of understanding of the purpose of insurance. As most of you are unlikely to actually read the fine print on the policies this bulletin will address some of the myths and misconceptions that apparently were held by recent exam writers.

Some Candidates seem to think of insurance as a “Parent”. As if, when something goes wrong at work your insurance (parent) will bail you out. Sorry but insurance doesn’t work like that.

Referring to those wrong answers, here are a few items **NOT** covered by insurance. Of course, there are exceptions to the rule, but these are general practices:

- As a Licensed or Registered Professional Land Surveyor (depending on jurisdiction) your business will hold Professional

Liability Insurance (PLI) coverage. The policy will most likely be issued to the Named Business with coverage of the employed professionals therein. The policy will **NOT** be issued to an individual unless that person is a sole proprietor.

- Unpaid invoices are not covered by insurance. Your insurance does not reimburse you if a client does **NOT** pay an invoice.
- If a field employee is hurt at work your insurance does **not** pay your business for “lost time”. Special “Key Person” insurance can be purchased but this typically only applies to very senior partners who due to illness will be absent for extended periods.
- If an employee leaves your business and sets up as a competitor your insurance does **NOT** cover the value of lost clients or business opportunities.
- If you are unsuccessful on submitting a “proposal/bid/tender” your insurance does **NOT** reimburse the money you spent writing the proposal.
- On a fixed price survey contract insurance does **NOT** cover the cost of overruns whatever the reason. Whether you underestimated the time required to perform the work, or the material costs or the work just took longer than expected your insurance typically does **NOT** cover the excess costs.
- If you decide to move your office your insurer does **NOT** cover the cost of downtime.
- Your insurance does **NOT** cover work performed by third party suppliers or subcontractors. For example a PLS hired a concrete company to provide concrete for control markers. Within in a year the markers collapsed requiring new markers and re-survey. PLI does not cover the cost of the re-survey or the concrete. You may consider suing the concrete company. **However, the Fine Print that you didn't read on the back of the Purchase Order limits their liability to the value of the concrete provided.**

- No matter how important that stolen seven-year-old survey instrument is do **NOT** expect your insurer to give you a brand new one.
- If you place a deposit for a material or service and the third party does not deliver the service nor return the deposit do **NOT** expect the insurer to cover your loss.
- After an incident that creates a potential claim you must take action to minimize the impact. For instance, **YOU** must notify the person(s) in authority to STOP WORK until the problem is fixed. Do it verbally and as soon as possible in writing. Do not look for a computer just write it on a piece of paper and get a signed acknowledgement of receipt. By this action your insurer should be able to reject claims for any work done (i.e. Excavating or pouring concrete) after the Stop Work Notice.

Finally, insurance does not replace Common Sense.