



CONSTRUCTION SERVICES

Lexington Insurance Company
THE POWER OF FINANCIAL STRENGTHSM

WHO WE ARE

Financial strength has always been accepted as a given. It was the assumed underpinning of every insurance company and financial institution. But times have changed. The world has changed. Not every company is as financially stable as it once was. But to a consumer, a company's financial strength is a big part of the consumer's financial security.

For years financial ratings were footnotes. Small type. Boilerplate information. Today, they've never been more important. Lexington Insurance is proud to be rated A++ (Superior), Class XV, by A.M. Best Company and AAA rated by Standard & Poor's. These financial ratings reflect our operating results and capitalization.

Our stability gives us the strength to innovate. To lead. To deliver. For you and your customers.

WHO WE ARE

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THE LEXINGTON DIFFERENCE

In today's competitive casualty insurance marketplace, a good deal of your success depends on finding an insurer dedicated to writing flexible and diverse lines of casualty business. Lexington is that insurer. We have \$25 million in capacity. Innovative underwriters. Flexibility in rate and policy form. Plus, a proven willingness to write unusual classes of casualty business. All of that, in addition to the following attributes, has helped clearly distinguish Lexington from our competition:

FOCUSED

Lexington began providing specialized professional liability coverage long before it was an accepted way of doing business. Specialization lets us provide brokers and insureds with the most innovative and useful products and services. Lexington is also a significant writer of Primary General Liability and Excess Umbrella Liability for contracting risks. To remain tightly focused on the trends, issues and challenges of our clients, Lexington regularly conducts research with top design and construction professionals.

DIVERSE

Lexington offers the full range of claims and risk management services. Our in-house risk management function and strategic arrangements with leading construction legal specialists enable us to provide a variety of services to help our insureds better understand the complexities of the many risks they face. Most of these services come free of charge for our policy holders.

COMMITTED

In the 25 years we've been serving design and construction professionals, we have remained a committed and reliable market. In recent years business conditions have changed dramatically, and insurance cycles have fluctuated as well. But, through it all, Lexington remains a constant. Astute brokers and insureds value Lexington's commitment and ability to maintain long-term relationships. As part of this commitment, we have developed many value-added services ranging from custom risk management programs to executive seminars and publications.

ACCESSIBLE

Lexington encourages brokers and insureds to contact us with comments and suggestions. Many of our most innovative products and services were developed from feedback from the marketplace.

GLOBAL

As a member company of AIG, we can contact AIG's offices in 130 countries to service the needs of our international clients. With an office in the U.S. and in London, Lexington is positioned to handle your unique or high-risk multinational exposures.

FLEXIBLE MANUSCRIPT COVERAGES

Leading design and construction industry professionals depend on Lexington to develop coverage that specifically addresses the most volatile liability issues.

Liability issues have always posed substantial financial risk to architects, engineers and related construction industry professionals. Some of the most significant trends currently impacting our insureds include:

- New forms of project delivery, such as design-build, transform the way business is conducted. This often blurs the lines regarding which party is liable for certain exposures.
- The growing trend toward international projects presents new challenges, such as finding insurers with international capabilities.
- Ever-increasing construction industry legal requirements pose significant compliance challenges that create a host of new liability exposures.
- Owner-drafted contracts, if left unchecked, can often place undue risk on design and construction professionals.

Together, these and other factors are changing the face of the construction industry. Architects, engineers and related construction industry professionals are left looking for innovative solutions to help protect their financial security in a highly competitive environment.

INDUSTRY INSIGHT

We possess expertise and insight within the industry. As a non-admitted carrier, we have the flexibility to help you seize new opportunities quickly and effectively. Unlike some carriers, our financial ability allows us to take chances on developing new liability products for design and construction professionals. Plus, Lexington's streamlined product development processes allow us to bring new products to market faster.

Lexington's Design and Construction Services Division provides a broad range of competitively priced solutions:

- Architects and Engineers Professional Liability Insurance practice policies.
- Project ProTec® Project Specific Professional Liability Insurance for the entire design team, with an option to add Contractors Pollution Liability.
- Contractors Professional Liability Insurance for design-build contractors with an option to add Contractors Pollution Liability.
- Contractors General Liability Insurance for all classes of commercial sub or trade contractors.
- Owners Design ProTecSM Professional Liability Insurance—this owner's protective coverage sits excess over the design professional's practice policies.



INTEGRATED RISK MANAGEMENT SERVICES

Lexington provides a wide range of specialized coverages and services that anticipate the many risks that design and construction professionals face – domestically and internationally.

Lexington can provide a variety of valuable risk management services created exclusively for architects, engineers and related construction industry professionals including:

- Contract Review Service
- Pre-Claim Prevention Service
- Risk Management Seminars
- Claims Management Service
- Lexington Design Professional Educational Tools

ADDED VALUE

When you do business with Lexington, you get much more than coverage for your design and construction liability risks. We apply the talents and stability of an experienced and knowledgeable team that includes key product line and claims professionals who participate in “working groups” that help identify and address unique or high-risk coverage needs.

SUPERIOR UNDERWRITING

Our underwriters are dedicated to simplifying the insurance process for all involved. In addition, they recognize the added value of being highly responsive to the specialized needs of brokers and our design and construction industry insureds. Creative problem-solving and fast turnaround on coverage inquiries are hallmarks of our underwriting capabilities.

QUALITY CLAIMS SERVICE

All claims are serviced by a staff that works exclusively with architects, engineers and related construction industry professionals. These professionals are expert in the complex and ever-changing risks facing insureds today. In most cases we are willing to appoint the client’s choice of counsel. This flexibility sets us apart from our competition.



ARCHITECTS AND ENGINEERS PROFESSIONAL LIABILITY





MAKING INNOVATION WORK FOR YOU

There's a good reason why brokers for leading design professionals turn to Lexington. We provide a wide range of specialized coverages and services that anticipate the many risks these professionals face. Design professionals, including those involved in construction management and design-build, often rely on Lexington for broad, competitively priced liability protection provided on an annual basis.

HIGHLIGHTS

- Limits available from \$100,000 to \$25,000,000
- Competitive premiums
- Broad insuring agreements and policy definitions

NOTABLE COVERAGE FEATURES

- No pollution exclusion
- No asbestos exclusion
- No project policy exclusion (coverage applies on an "excess" basis)
- No terrorism exclusion
- Ownership interest (up to 25% of project)
- Mediation provision
- Automatic 60-day mini-tail

Coverage described in this brochure may not be available in all states. The product descriptions are not a complete description of all terms, exclusions and conditions in the policy. Policy terms may be changed by the insurer from time to time, and the preceding descriptions are not intended to be relied upon by potential insureds. Brokers interested in any of the captioned products should request a specimen copy of the policy form itself for the precise scope and limitations of coverage. Issuance of coverage is subject to underwriting.



PROJECT PROTEC®





LEXINGTON PROVIDES PROVEN SOLUTIONS

Lexington Insurance Company is one of the largest and most successful writers of Project Specific Architects and Engineers Professional Liability policies. Brokers place project owners and lead design firms with large projects with Lexington, because Lexington's Project ProTec policy can provide coverage for the entire design team through all phases of a project, including design, construction and extended reporting period.

While many design firms carry their own professional liability insurance, this coverage is always written on a claims-made basis and protection may no longer be available when an owner's claim is made. Design firm coverage may be unavailable for any of a number of reasons, including:

- Coverage obtained by the design team members may lapse or be cancelled.
- Design team members could go out of business.
- Individual policy limits for design team members could be inadequate or used up.
- Some design team member policies may exclude certain coverage.
- Coverages initially in place on design team member policies may become unavailable or prohibitively expensive.

Design firms with large projects rely on Lexington's Project ProTec policy to provide professional liability coverage for the entire design team through all phases of a project.

MAKING INNOVATION WORK FOR YOU

By obtaining Lexington's Project ProTec, owners, design professionals and constructors are assured the very best design team protection is in place—now and down the road. Other key benefits of the policy include:

- Lengthy coverage term. Unlike other insurance carriers, which often limit coverage to 5 years including the discovery period, Lexington has no restrictions on coverage or discovery period.
- Enhanced claims efficiency. Claims are handled on a "joint defense" basis with one law firm representing all members of the design team. This approach minimizes costly litigation. It also provides for continuity in the claims investigation and settlement process.
- Broad pollution coverage. There is no pollution exclusion. In addition, the policy can be amended to include contractor pollution liability when the project delivery method is design-build.

NOTABLE COVERAGE FEATURES

- Coverage is "claims-made" with "defense inside the limit."
- Limits of up to \$25 million are available.
- Broad definition of "insured."
- Non-cancellable policy available.
- Punitive damages coverage is available where permitted by law.

Lexington provides valuable support services created for design professionals. These complimentary services may include Pre-Claim Prevention, Claims Management, Contract Review and more.

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INTEGRATED RISK MANAGEMENT SERVICES





Professional liability risk continues to grow for architects, engineers and related construction industry professionals as new industry practices and other trends increase exposure. To help our insureds better control these liability exposures, Lexington's professional liability insurance products provide industry-specific integrated risk management services.

We have an in-house risk management function and strategic arrangements with leading construction legal specialists and consultants. This enables us to provide a variety of services that help our design and construction industry insureds better understand the complexities of the many legal and financial risks they face. Services are optional and usually available to Lexington insureds at no additional cost.

David Hatem and his Professional Practice Group at Donovan Hatem LLP provide our core risk management services. They are available to us and to our insureds who seek counsel for their risk management concerns.

CONTRACT REVIEW

Complicated contracts are a way of life for today's design and construction industry professionals. That's why Lexington can arrange for free Contract Review Service provided by Donovan Hatem LLP, a nationally renowned construction law firm. This service reviews proposed agreements between an insured's firm and that firm's prospective clients. The scope of services, limitation of liability and insurance provisions of the proposed contract are all carefully analyzed. To help our clients respond to bidding deadlines, turnaround can be expected within 48 hours in most circumstances.

PRE-CLAIM PREVENTION SERVICE

Providing assistance before a situation becomes a costly claim is important and can substantially lessen the impact of an actual claim. Through our Pre-Claim Prevention Service, Lexington arranges for specialized legal assistance when an insured first becomes aware of an incident or potential claim problem. These services are provided without cost to the insured's firm and are not charged to the firm's deductible.

RISK MANAGEMENT SEMINARS

At the insured's request, Lexington is pleased to make available customized Risk Management Seminars. These seminars are presented by representatives of a nationally renowned construction law firm.

CLAIMS MANAGEMENT SERVICE

Lexington has arranged for a nationally renowned construction attorney to manage and supervise professional liability claims. Lexington insureds benefit from superior claims handling services and access to leading defense strategies. The insured's choice of counsel is often approved by Lexington's claims department.

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CONTRACTORS GENERAL LIABILITY PROGRAM





Product: Primary and excess

Limits of Liability: Up to \$25,000,000 available

Minimum Premium: \$25,000

Contractors General Liability Insurance for all classes of commercial sub or trade contractors.

- Minimum SIR of \$25,000 for firms that average more than four claims.
- Professional liability coverage can be added for firms meeting specific underwriting criteria.

FORM FLEXIBILITY

As a surplus lines insurer, Lexington can manuscript coverage specific to each firm. Ask about Lexington's capability to provide terms and conditions that meet the specific needs of each unique situation.

CONTRACT REVIEW

Complicated contracts are a way of life for today's design and construction industry professionals. That's why Lexington can arrange for free Contract Review Service provided by Donovan Hatem LLP, a nationally renowned construction law firm. This service reviews proposed agreements between an insured's firm and that firm's prospective clients. The scope of services, limitation of liability and insurance provisions of the proposed contract are all carefully analyzed. To help our clients respond to bidding deadlines, turnaround can be expected within 48 hours in most circumstances.

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OWNERS DESIGN PROTECSM





NEW AND EMERGING CHALLENGES

With nonresidential construction on the rise in the U.S., more public entities and private-sector businesses need specialized construction project liability protection. In particular, entities that have construction projects planned need insurance to protect themselves from claims spurred by negligent/wrongful acts of design professionals hired to work on their projects. Owners Design ProTec is designed to respond excess of the design professional's practice or annual policy.

While many design firms carry their own professional liability insurance, this coverage is always written on a claims-made basis, and protection may no longer be available when an owner's claim is made. Design firm coverage may be unavailable for any of a number of reasons, including:

- Coverage obtained by the design team members may lapse or be cancelled.
- Design team members could go out of business.
- Individual policy limits for design team members could be inadequate or used up.
- Some design team member policies may exclude certain coverages.
- Coverages initially in place on design team member policies may become unavailable or prohibitively expensive.

NOTABLE COVERAGE FEATURES

- Limits up to \$25 million are available.
- Named insured on the policy is the project owner.
- Coverage for third-party claims is included.
- Premiums are fixed against construction values.
- Limits of insurance are dedicated to the owner's single project.
- Worldwide coverage is available.
- Extended reporting period provides additional security (i.e., coverage can be secured for a number of years after a project is completed).
- Coverage can be purchased up to the time construction begins.

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CONTRACTORS PROFESSIONAL LIABILITY





NEW AND EMERGING CHALLENGES

Contractor liability exposure broadens as use of design-build increases. For centuries builders in foreign markets have used the design-build project delivery method rather than the design-bid-build method. In the U.S. and Canada, it has only been within the past 20 years that the design-build method has gained acceptance—first in the private sector, and now in the public sector. The Design Build Institute of America projects that 50% of nonresidential construction will use the design-build method over the next few years.

Unlike contractors who sign design-bid-build contracts, contractors who sign design-build contracts are ultimately responsible for the performance of the design work. This greatly increases their liability exposure.

SUBCONTRACTED DESIGN PROFESSIONAL LIABILITY INSURANCE MAY NOT BE ENOUGH

Contractors who choose to rely on the Professional Liability coverage of their subcontracted design professionals could find that coverage falls short as well.

- Many subcontracted design professionals do not carry Professional Liability coverage unless required by contract. If there is no underlying insurance and the design professional has insufficient funds, the contractor may be entirely responsible for the damages proven in a lawsuit.
- Most subcontracted design professionals do not name contractors as an additional insured in their Professional Liability policy. Therefore, the contractor's defense is not covered.
- Design Professional Liability policies are usually annual policies. Limits of an annual policy can be eroded by claims arising from any or all of the projects on which a design professional works. In addition, if design professionals use annual policies instead of project policies, there is no guarantee that an annual policy will be renewed to cover the term of the project.

LEXINGTON CONTRACTORS PROFESSIONAL LIABILITY INSURANCE: A PROVEN SOLUTION

Lexington Contractors Professional Liability Insurance covers claims brought against the contractor that arise out of the negligent performance of professional services. The policy provides coverage for the contractor, the subcontracted design professional, or both.

- Pollution Liability coverage available on an "occurrence" basis.
- Punitive Damages coverage available where permitted by law.
- Deductible credit applies to claims resolved through mediation.

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WE INVITE YOU TO FIND OUT MORE

Brokers can learn more about Lexington Insurance Company and how our innovative liability products and integrated risk management services for architects, engineers and related construction industry professionals can benefit your clients by calling our Director of Construction Services at (617) 330-1100. We look forward to hearing from you.

To best serve design and construction industry insureds, Lexington applies the talents and stability of an experienced and knowledgeable team of product line and claims professionals

Brokers can contact Lexington through our National Branch in Boston at (617) 330-1100, in London at 011-44-20-7204-8710, or through surplus lines brokers including those listed below:

Western Risk Specialists, Inc.	Los Angeles, CA	(213) 689-3800
Western Risk Specialists, Inc.	San Francisco, CA	(415) 836-2776
Risk Specialists Company of Colorado, Inc.	Denver, CO	(303) 382-8500
Florida Risk Specialists, Inc.	Tampa, FL	(813) 228-0020
Southeastern Risk Specialists, Inc.	Atlanta, GA	(770) 671-2400
Midwestern Risk Specialists, Inc.	Chicago, IL	(312) 930-5451
Louisiana Risk Specialists, Inc.	New Orleans, LA	(504) 527-5500
New England Risk Specialists, Inc.	Boston, MA	(617) 457-2700
Michigan Risk Specialists, Inc.	Southfield, MI	(248) 386-8850
A.I. Risk Specialists of Missouri, Inc.	Clayton, MO	(314) 727-1214
Nevada Risk Specialists, Inc.	Las Vegas, NV	(702) 650-5150
Risk Specialists Company of New York, Inc.	New York, NY	(212) 770-1100
Risk Specialists of Ohio, Inc.	Cleveland, OH	(216) 479-8820
Eastern Risk Specialists, Inc.	Philadelphia, PA	(215) 255-6363
Southern Risk Specialists, Inc.	Dallas, TX	(214) 932-2000
Southern Risk Specialists, Inc.	Houston, TX	(713) 268-8800

Lexington Insurance Company is the leading U.S.-based non-admitted surplus lines insurer operating as such in all states except Delaware. It is rated A++ (Superior) by A.M. Best Company and AAA rated by Standard & Poor's. U.S. risks placed with a surplus lines insurer must be placed in accordance with state and federal law, including applicable surplus lines laws. Surplus lines insurers do not generally participate in State Guaranty Funds and thus insureds are not protected by such funds. The surplus lines market is a brokered market providing flexibility in rate and form to meet customer needs for high risk and specialized insurance products. All placements with surplus lines insurers are subject to underwriting by the insurer. Products may not be available in all states. The information contained herein is for general information purposes only and does not constitute an offer to sell or a solicitation. The information provided herein is made available only upon the request by an insurance professional(s).



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200 State Street, Boston, Massachusetts 02109
Telephone 617.330.1100 www.LexingtonInsurance.com