

A guide to Single Project Professional Indemnity (SPPI) insurance



Single Project Professional Indemnity (SPPI) Playbook



Bring on tomorrow



Single Project Professional Indemnity (SPPI) is PI insurance that is arranged around a specific construction project. It is distinct to conventional annually renewable policies and as this playbook will outline it has particular advantages for design professionals, contractors and project owners.

Who is covered?

Covers all professional service providers involved in the contract: Architects, Engineers, Designers and Qualifies surveyors.

Cover includes sub contractors and sub consultants associated with the project whether working individually, as a joint venture or as a consortium.

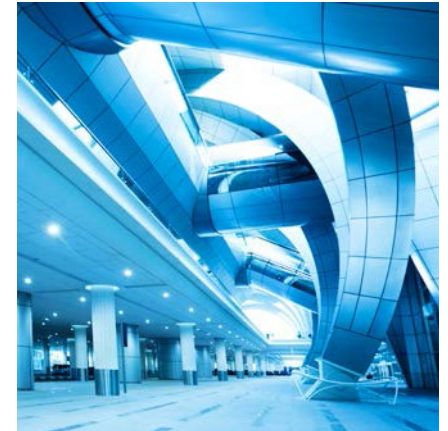
What is covered?

Covers professional negligence claims against all insured project participants with responsibility for professional services rendered including feasibility studies in connection with the design construction process throughout the lifespan of a construction project: from initial design to construction

completion plus any additional discovery period of up to 10 years or longer.

Like annually renewable PI cover is on a claims made basis. SPPI limits are non cancellable and are dedicated to the project.

A single PI policy for the contract provides cover certainty for projects compared to annually renewable PI policies for each project participant involved in the contract for a number of reasons:



Control

Project participants have more control over the scope of cover, limits and policy duration of SPPI than relying on individual PI policies.

Coverage

Provides project participants and owners with certainty of coverage throughout the duration of the project. Annually renewable PI policies on the other hand could fall into default or have limits eroded by other claims.

Efficient Resolution

Because the SPPI policy covers all professional service providers, it enables efficient resolution of disputes by avoiding costs and delays resulting from project participants disputing who is at fault for an error and defending their own individual position – often with multiple insurers and lawyers involved.

Consistent Coverage

SPPI ensures that consistent coverage is in place for all project participants involved in the project.

Transparency

With SPPI the cost of the PI coverage for the entire project is known up front and avoids the possibility of incurring additional costs from project participants for their own PI premiums relating to the project.

Duration

Provides certainty of coverage for the lifespan of the project plus a discovery period up to 10 years or longer after completion of the project. With annually renewable policies there is no certainty that individuals (project participants) will renew their individual PI policies after completion.

Capped Limits

SPPI is structured around the requirements of the project and so avoids the danger of project participants' capping their own liabilities because the liability caps may not be upheld in a court.

Owner Indemnification

SPPI can be extended to indemnify the Owner/Principal of a project for any sum they become legally liable to pay because of a claim from a third party against them caused by negligent acts or omissions of an Insured in the performance of their professional duties.

Single Project Professional Indemnity also has particular benefits for design and construct professionals and consultants for construction projects that are arranged on a Joint Venture basis:

SHORTFALL IN COVER

Contractors' annual PI policies do not usually provide full cover for Joint Ventures, An SPPI is specifically structured around the requirements of the project.

EFFICIENT RESOLUTION

SPPI contains a joint defence provision to avoid any disputes between the Joint venture members over alleged negligent acts.

EXPOSURE

Having an SPPI policy in place means that individual contractors and consultants do not need to expose their own PI coverage (and PI premiums) to the risks presented by other parties in a joint venture.

PRIMARY LIMITS

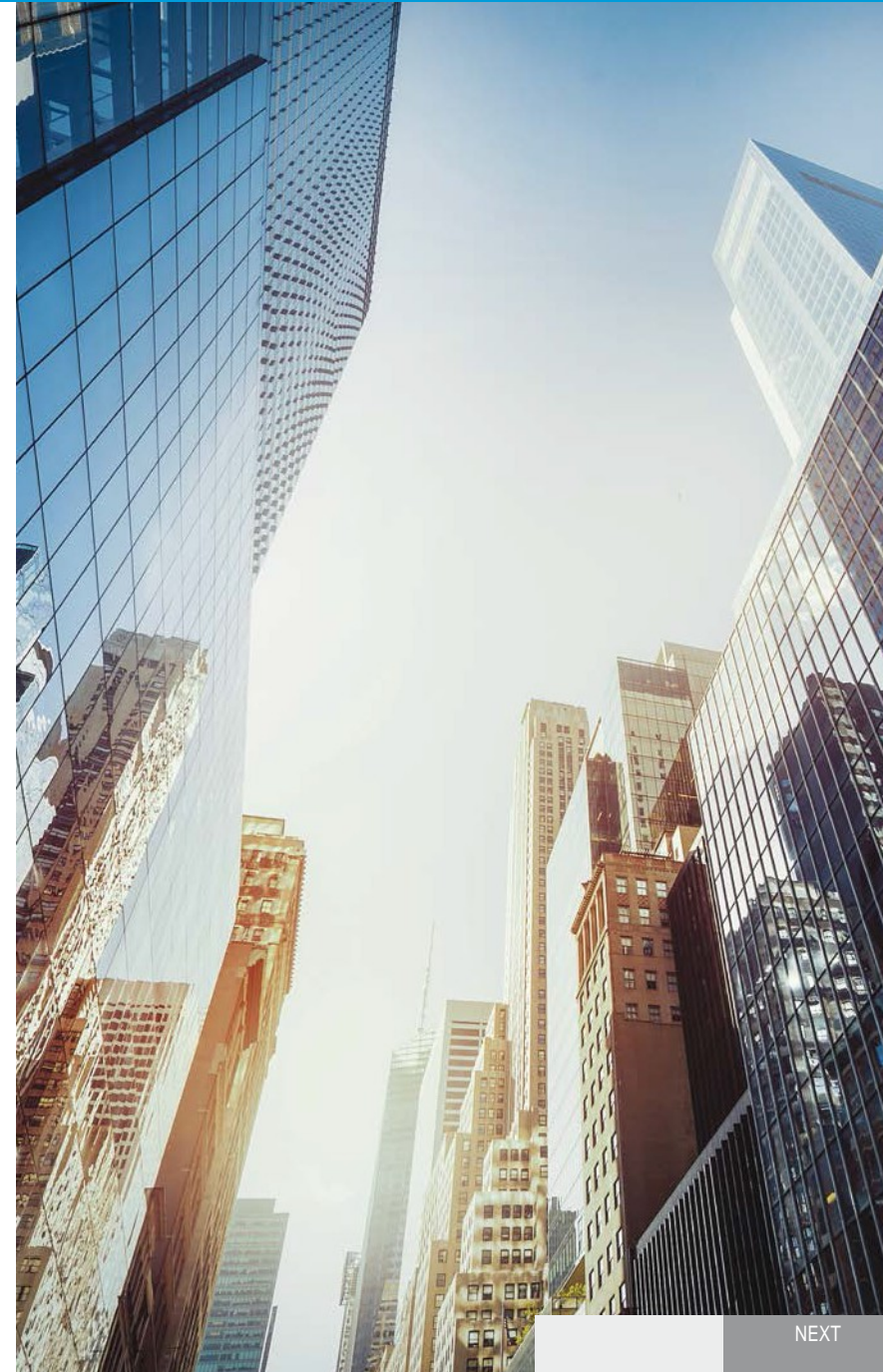
SPPI limit remains in place regardless of any claims against individual joint venture members' own annual PI policies.

DURATION

Cover for an agreed construction period plus an additional discovery period for 10 years or more after the project completion gives Joint Venture members certainty of response.

COST TRANSPARENCY

The total cost of PI insurance coverage for the project can be budgeted and charged to the project.



We can tailor SPPIs for nearly all types of projects. Here are just a few examples of our focus across different types of construction projects.

LOWER RISK

Simple construction
Modest performance requirements
No throughput or performance characteristics

Limited underground work
Low consequential damages exposures

EXAMPLES:

Airport Terminals	Fitness Centres/YMCA	Roads
Aquariums	Gas Pipelines / Water Pipelines	Sewer Lines
Capitol Buildings	Golf Course	Shopping Malls
Government Buildings	Hotel <20 Stories, No Casino	Residential Housing
Churches	Irrigation	Studies Only
Civic (Convention) Centres	Medical Offices	Television Stations
Clinics/Outpatient	Mental Health Institutions	Theatres/Auditoriums
Colleges/Universities	Military	Vehicle Maintenance Facility
Communication Towers	Office/ Commercial Buildings <20 Stories	Warehouse/Distribution Centers
Correctional Facilities/Prisons	Parking Structures	Wineries
Courtrooms	Postal Facilities	Zoos
Dormitories	Railroad/Rapid Transit/Metros - non core e.g Warehouse/Building	
Elementary/Primary/ Nursery/Secondary Schools	Redevelopment/ Urban Regeneration Project	
Extended Care/Nursing Homes	Resorts	
Field Houses Gyms	Restaurants	
Fire/Police Stations	Retail Stores	

HIGHER RISK

More complex construction
Significant performance requirements
Throughput or performance characteristics

More dependence on underground work
Potentially large consequential damages.

EXAMPLES:

Airports/Runways	Science/Research Labs
Dams	Stadiums/Arenas
Desalination Plant / Works	Tunnels
Hospitals (New/ Renovation/Expansion)	Waste Water Treatment Plants
Industrial Water Treatment	Water Treatment Plants
Material Handling Systems	
Mines	
Museums/Galleries/Libraries	
Office/ Commercial Building > 20 Stories	
Petrochemical Processing	
Piers/Wharves/Ports	
Power Generation - Fossil Fuel/ Hydroelectric	
Process Facilities	
Railroad/Rapid Transit/Metros - core e.g rail network/tunnelling	



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