



Preview: Design Professional Liability Contract Guide

Contracts are an important risk management tool. To assist insureds in identifying potential contract clauses that may fall outside the scope of professional liability coverage, or are risk intensive, Travelers has published our Guide to Professional Service Agreements and Sample Contract and Suggestions for Reviewing a Contract. Both publications provide information based on Travelers claims experience, offer sample language that design professionals can use as a guide on how to respond appropriately to problematic contract clauses, and are available to insureds on the secured area of Travelers website.

THE USE OF A WELL-WRITTEN
CONTRACT AS AN IMPORTANT
RISK MANAGEMENT TOOL

PART I:
SELECT CONTRACT
PROVISIONS

PART II:
ADDITIONAL CONTRACT
PROVISIONS

PART III:
SAMPLE CONTRACT



Guide to Professional Service Agreements and Sample Contract

A RESOURCE FOR DESIGN PROFESSIONALS



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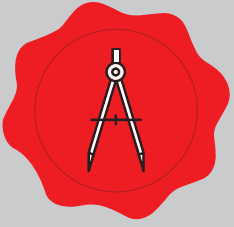
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Introduction

Contracts are important legal documents.

Contracts are also an important risk management tool if properly drafted, reviewed and executed.

This *Guide to Professional Service Agreements and Sample Contract* is intended to serve as a reference to help you better understand various provisions in your contracts.

Our claims information indicates that the average cost of a claim is less when the agreement is drafted by the design professional. Therefore, we feel it is important that all design professionals have a standard or model agreement that they use to initiate negotiations and to educate their clients about the services they will provide.

This guide and sample contract is a tool that may help you develop your own standard professional service agreements, or as a reference along with agreements published by professional societies, to use for comparison with agreements drafted by your client.

There are a variety of contract provisions, but this guide will focus on contract provisions that in our experience prove to be the most problematic, risk intensive, or may increase a design professional's risk exposure beyond what may be covered by their professional liability coverage.

We have divided this guide into three primary sections:

- Part I will discuss some of the most problematic contract provisions for design professionals, address what is at stake, cover key issues, suggest negotiation points and provide sample language.
- Part II will cover additional contract provisions that may be appropriate for inclusion in your agreement, depending on the situation, or may be a provision that you are being asked to agree to but doing so may increase your professional liability exposure.
- Part III is a sample contract for a simple project that may serve as a reference for you in developing a contract for use by your firm, or as a comparison for contracts written by others.

It is important to note that this guide is not intended to cover all the issues a design professional may face or should consider when executing a professional service agreement. Nor should it serve as a substitute for consultation with your legal advisor.

However, we believe this guide will serve as a useful tool as you develop and negotiate your professional services agreements with your clients.