

Expansion of the Term Insured

Insured means, “any person who is or becomes a leased or contracted personnel under the direct control and supervision of the Named Insured or newly acquired subsidiary during the policy period, but only while acting within the scope of their duties for the Named Insured or newly acquired subsidiary.”

Introduction

The professional liability policy provides coverage for current and former employees of your firm who in the scope of their duties perform professional services for the firm. The policy also provides coverage for the firm entity as well as the current and former owners who have responsibility for the firm. We have now expanded the definition of the term “insured” in a significant way, highlighting our commitment to serving the needs of the changing A&E marketplace.

What is the change?

The CNA professional liability policy now provides coverage for contracted personnel under the direct control and supervision of the insured firm for the scope of duties the contracted personnel complete on behalf of the firm. The contracted personnel have to be engaged in their individual capacity; be aware that the coverage expands to those personnel whose income is reported on a 1099 form for federal income tax purposes. The policy only provides coverage for the contracted personnel if they do not have professional liability coverage of their own. If they already have professional liability coverage, your CNA policy will provide excess coverage if the contracted personnel policy limits are exhausted.

Why did we change it?

In the past, you employed on-site staff as full-time employees undertook design projects. Developments in digital technology increasingly allow you to expand the use of individually contracted labor on a project-by-project basis. This gives you the flexibility to use the best resources for each project and does not necessarily bind you to using employees for project execution. One of the major impediments to this evolving need was that either contracted personnel had to procure their own insurance policies or you had to work with your broker and underwriter to have the contracted personnel added as a named insured. We made this change to serve your needs to use contracted personnel on a project basis and reduce the administrative time and cost of onboarding contracted personnel for your projects.

How does it benefit my practice?

This change offers peace of mind. You can engage subconsultants knowing that your professional liability policy provides coverage for contracted personnel. From a risk management perspective, it still makes sense to engage competent, experienced personnel. If, however, the subconsultants do not have professional liability coverage of their own, you can still select them knowing that the CNA policy includes contracted individuals in the definition of insured.

