

Council Rules 8: Terms and Conditions for Mandatory Professional Liability Insurance (“PLI”)

January 20, 2020

1.0 Authority

- 1.1 The following AIBC Council Rules have been approved in accordance with council’s authority under AIBC Bylaw 16.1.2 to establish rules for Professional Liability Insurance (“PLI”). Pursuant to bylaw 16.1.1, as of February 1, 2019, all architectural firms, members and licensees holding a certificate of practice must hold PLI and comply with the bylaws and these rules.
- 1.2 These Rules include commentary from the Registration and Licensing Department in italics, to assist registrants with compliance.

2.0 Rules

- 2.1 Mandatory PLI coverage required under AIBC Bylaw 16.1.1 must be held in an amount of not less than \$250,000 per claim with aggregate coverage of no less than \$500,000.
- 2.2 Submission of a current PLI policy certificate of coverage (“Certificate of Insurance”) is required as evidence of compliance with the requirement for PLI under bylaw 16.1.1. This Certificate of Insurance must be provided to the institute upon application for, or renewal of, any certificate of practice. Certificate of practice holders must demonstrate continuous coverage over the term of the certificate of practice.
 - 2.2.1 Initial application: A Certificate of Insurance is required prior to issuance of a certificate of practice and can be submitted along with the application form.
 - Annual renewal: A current Certificate of Insurance is required by February 1, each year, to renew the certificate of practice.

Commentary:

Certificate of practice holders can upload updated Certificates of Insurance through their online account at any time during the year depending on when their current Certificate of Insurance expires. Those with expired Certificates of Insurance by February 1 will not be allowed to renew their certificates of practice and must cease practising the profession of architecture until such time that they have submitted current Certificates of Insurance demonstrating compliance with these Rules.

2.3 To be compliant with these Rules, the Certificate of Insurance must contain the following information:

2.3.1 The name of the certificate of practice holder as registered with the AIBC as an insured entity;

Commentary:

A Certificate of Insurance that only includes a trade name, abbreviation, informal name or former firm name that does not match the current AIBC-registered name of the certificate of practice holder is not compliant.

Likewise, Certificates of Insurance issued to sole proprietors must include the name of the firm to which the certificate of practice has been issued and not the individual Architect AIBC for it to be compliant. For example, a certificate of practice holder, Joe Smith Architecture, solely owned by Joe Smith Architect AIBC, must insure the firm entity, Joe Smith Architecture, rather than the individual entity. Having both Joe Smith Architecture and Joe Smith Architect AIBC as insured entities on the Certificate of Insurance is acceptable.

Rule 2.3.1 is intended to confirm that the named insured entity is the actual certificate of practice holder. It is difficult to ascertain compliance without reviewing the actual insurance policy, if the Certificate of Insurance does not include accurate names of the certificate of practice holders.

2.3.2 The minimum per claim amount and the aggregate amount;

2.3.3 The effective and expiry coverage dates; and

2.3.4 A statement that the PLI coverage has no restrictions to impact the minimum coverage thresholds set by 2.1.

Commentary:

PLI policies with multiple insured entities may reduce the minimum coverage of \$500,000 for each certificate of practice holder should other entities need to draw down from the same aggregate amount. The shared aggregate amount may be protected through a maximum pay-out per insured entity; however, this information will not be readily accessible unless the actual insurance policy is reviewed. Including this “no-restriction” statement on the Certificate of Insurance will allow the AIBC to immediately assess the certificate of practice holder’s PLI compliance status.

2.4 The PLI maintained by a certificate of practice holder must provide valid insurance coverage for all architectural services that could be provided by an architect on all projects undertaken in British Columbia over the term of the certificate of practice. PLI coverage must not be limited to a certain building or commission type, a certain professional service, or an exclusive client or clients.

Commentary:

Certificate of practice holders may have their PLI coverage taken out on their behalf by other entities, for example their clients. However, the PLI coverage must not be limited to a certain scope of services, projects or clients. All other Rules apply, including the notification in the event of coverage shortfall in Rule 2.1.

The public protection intent of the PLI requirement includes assurance that insurance coverage is in place for all architectural services that could be provided through a certificate of practice.

Rule 2.4 does not prohibit any certificate of practice holder, should they so choose, to take out additional PLI above and beyond the mandated minimum requirements established under AIBC Bylaw 16.1.1 and these Rules.

- 2.5 In the event that a certificate of practice holder's PLI coverage is cancelled, terminated, lapses, or falls below the minimum coverage thresholds in Rule 2.1, the certificate of practice holder must:
- 2.5.1 Notify the institute, in writing, as required in Bylaw 16.1.3;
 - 2.5.2 Bring its PLI coverage into compliance with Bylaw 16.1.1 and these Rules within 10 days of the cancellation or other non-compliant event;
 - 2.5.3 Provide written confirmation of return to PLI compliance, by way of a Certificate of Insurance, to the AIBC's Director of Registration and Licensing within 10 days of the non-compliant event; and
 - 2.5.4 Pay any fees prescribed by council for non-compliance with these Rules.
- 2.6 In the event of non-compliance by a registrant with any of these Rules, the Director of Registration and Licensing will notify the registrant in writing. This notice will include reference to the requirements of Section 27(2) of the *Architects Act*, by which no person is permitted to practise or offer to practise the profession of architecture except as a holder or through a current certificate of practice. Notification of such non-compliance will also be provided to the AIBC's Director of Professional Conduct for review and investigation if appropriate.

Rules Amendment History (2018-2020)

First Approved: March 19, 2018

Last Revised: January 20, 2020