

Berkley DP Coverage Highlight

November, 2014

Berkley DP Deductible Options

When structuring the insurance program for a design firm, one of the many important questions that you must answer is – what should the deductible be on the firm’s professional liability policy?

In general, underwriters like to see a deductible between 1% and 3% of gross annual revenue as it is an amount that is large enough for the insured to take risk management seriously, yet small enough that the insurance company is not worried about having to collect a portion of the deductible if there is a claim.

Berkley DP offers several options to help you *customize* the deductible to meet the needs of all your clients:

- 1) **3-Times Aggregate Deductible**: Qualifying policies include an “Aggregate” deductible which is equal to “3-times” the “Per Claim” deductible with no additional premium.
- 2) **First-Dollar Defense**: With this option, the insured’s deductible is NOT utilized for Claim Expenses and only applies if a payment for Damages is made. This option is available for an additional premium for deductibles up to \$35,000.
- 3) **Shared-Cost of Defense**: This option “shares” the deductible – with the company paying **80%** and the insured paying **20%** of Claim Expenses - until the total deductible is reached. This option is available for an additional premium for deductibles up to \$50,000.
- 4) **Split-Cost of Defense**: This option “splits” the deductible – with the company paying **50%** and the insured pay **50%** of the Claim Expenses - until the total deductible is reached. This option is available for an additional premium for deductibles up to \$100,000.

And, while it is not a deductible option, please don’t forget that Berkley DP offers a ***Separate Defense Limit*** which can be used by your clients to manage their limits of liability. Please see our ***March 2014 Coverage Highlight*** for more information on this important coverage enhancement.

If you have questions about this topic, please contact your Berkley DP underwriter or Bob Connor.

Numerous Deductible options; one more benefit to demonstrate our desire to be ***Better By Design***.