



Berkley DP Coverage Highlight

March 2014

Separate Defense Limits Endorsement

Managing a policyholder's PL limits is a critical responsibility of every insurance broker. If a claim occurs, having adequate limits of liability can be just as important as the coverage selected. When analyzing limits, it makes sense to determine if the Design Firm should seek a separate defense expense limit; especially if the firm does work on government projects or large commercial projects that either require or prefer a practice limit dedicated to indemnity for loss. Further, some firms that have a greater chance for loss frequency may feel that having a separate defense expense limit of liability preserves their indemnity coverage in the event of a protracted and costly loss.

Berkley DP makes acquiring this type of coverage easy. We've built into our BDP Prime product the option to buy a Separate Defense Expense Limits Endorsement. The endorsement provides a separate claims expense limit in addition to the indemnity limit of the policy. We can offer this separate defense limit up to the amount of the indemnity limit of the policy (with a maximum of \$5,000,000). A policyholder can buy smaller defense expense limits of their choosing for a lower additional premium. This optional coverage can be purchased at policy inception at a reasonable additional premium.

How Does It Work?

The Berkley DP Separate Defense Expense Limits Endorsement works by creating a separate per Claim and Aggregate Limit for Claims Expenses. For example, a Policyholder with a \$2MM/\$2MM limit decides to buy the endorsement. The policy would keep \$2MM per claim indemnity limit and \$2MM aggregate limit and add up to a \$2MM per claim defense expense limit with a \$2MM aggregate defense expense limit. If, during the policy period, the Insured uses the entire separate defense expense limit and needs additional defense expense funding, Berkley would revert to the indemnity limit to pay the additional defense expenses.

Is There an Additional Premium?

Policyholders will pay roughly 10%-20% additional premium; depending on the additional defense expense limit purchased.

How Does a Policyholder Qualify?

There are no additional qualifications for the Separate Defense Expense Limits Endorsement. Policyholders simply request the additional coverage during the submission or renewal process.

If you have questions about this coverage, talk to a Berkley DP underwriter or Bob Connor at 405-805-6635.

Just another way we are working hard to be, truly, **Better by Design.**