



# Online Benchmarking Study

## Engineering Firms in the Small Firm Program

Annual billings less than \$500,000

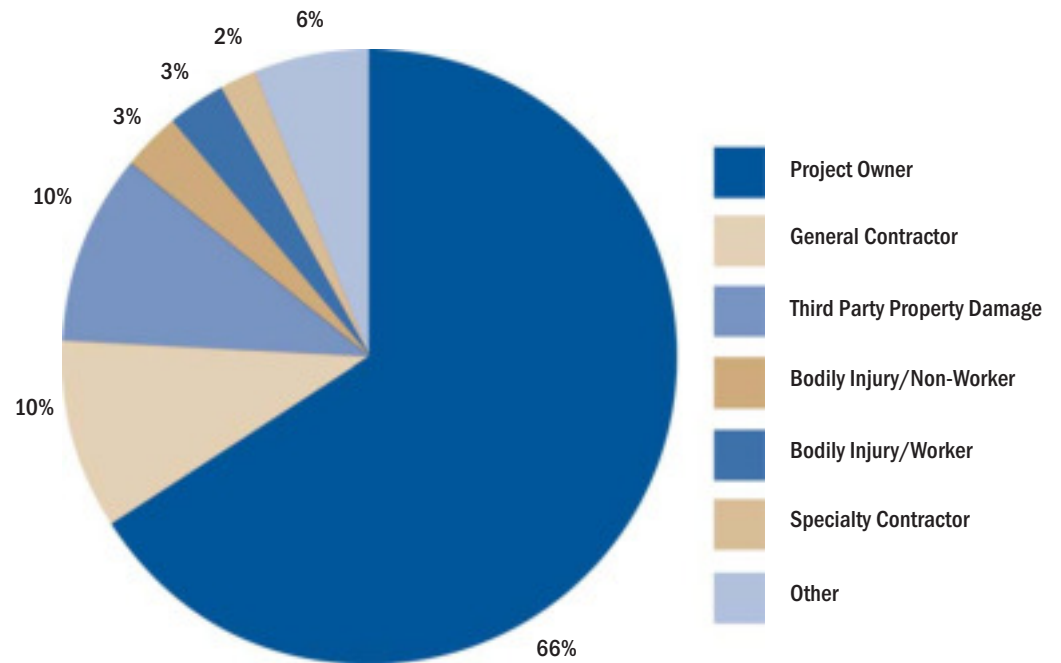
From 2003 through 2012, project owners filed the most claims against small firm engineers. Roughly 66% of all claims filed against small firm engineers were filed by project owners, with general contractors and third parties filing the second most at 10% each. Most claims against engineers are filed by project owners because of the contractual relationship between the engineer and project owner. Project owners will sometimes file a claim against the engineer in response to a claim filed against the project owner by the contractor.

Claims filed by the contractor may be linked to those states that have abandoned the economic loss doctrine. Abandonment of the doctrine allows contractors to sue engineers directly, even though there is no contractual relationship between the two.

Claims filed by third parties for bodily injuries often are the result of the engineer assuming some responsibility for construction site safety either through contract or behavior. Liability for third party bodily injury may also result from the engineer's failure to design or specify proper safety aspects of the project, such as handrails or non-skid surfaces.

For more information about client selection, please refer to "Identifying, Managing and Assessing Project Risk" from *Concepts in Risk Management* at [www.Schinnerer.com/risk-mgmt/Pages/Practice-management.aspx](http://www.Schinnerer.com/risk-mgmt/Pages/Practice-management.aspx).

Claimant Identification by Frequency  
(2003 - 2012)





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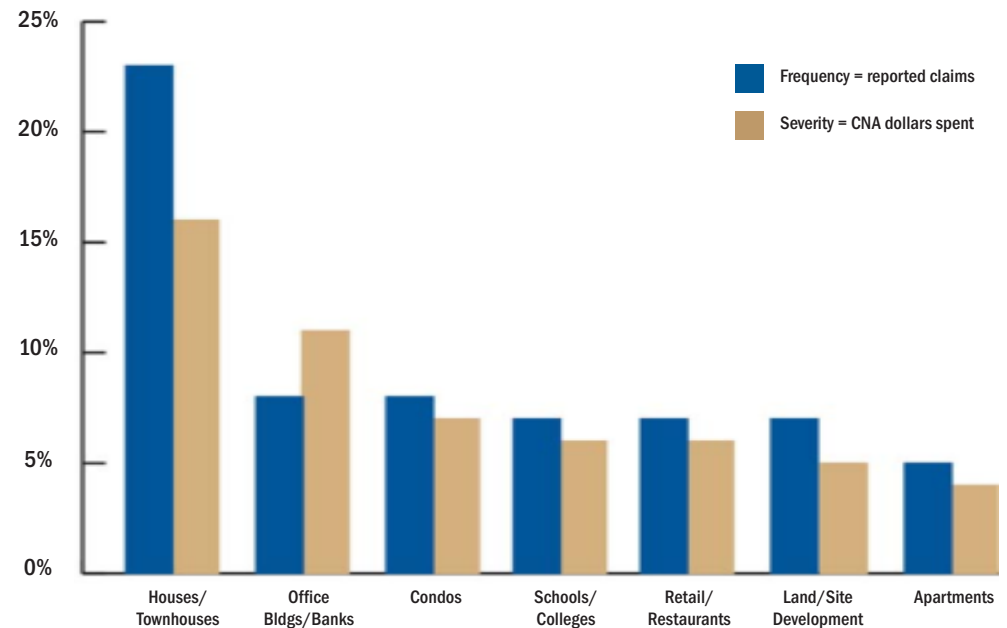
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From 2003 through 2012, the highest percentage of claims filed and the highest percentage of dollars spent against small firm engineers was on houses/townhouses projects, 23% and 16%, respectively. Office buildings/banks and condo projects ranked second and third, respectively, with each project type having a claims count percentage of 8%.

It is interesting to note that the dollars spent percentage for office buildings/banks was higher than the claims count percentage for this particular project type.

For more claims information, please visit Schinnerer's library of claims and case studies at [www.Schinnerer.com/risk-mgmt/Pages/Claim-studies.aspx](http://www.Schinnerer.com/risk-mgmt/Pages/Claim-studies.aspx).

Project Type Claims by Frequency/Severity  
(2003 - 2012)





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For small firm engineers in the East, houses/townhouses projects generated the highest claims count (19%) and second highest dollars spent percentages (13%). Office buildings/banks projects had a split of 10%/17%. Retail/restaurants and apartments projects both generated claims count percentages of 9%.

The biggest problem areas for small firm engineers on all project types in the East were plumbing/HVAC/fire protection systems (18%/11%), site preparation (13%/16%), and foundations/substructure (12%/17%). These problem areas generated the most frequent and most severe claims.

### States in East Region:

CT, DC, DE, MA, MD, ME, NH, NJ, NY PA, RI, VA, VT, WV

### States in South Region:

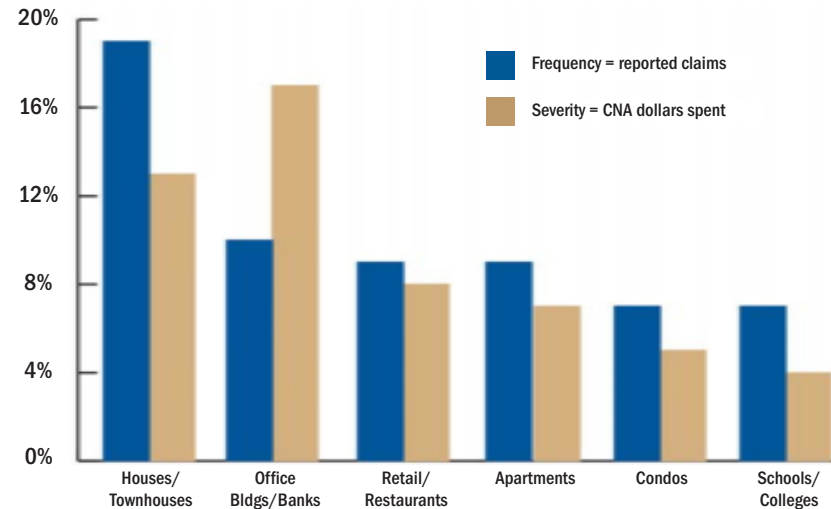
AL, AR, FL, GA, KY, LA, MS, NC, OK, SC, TN, TX

Houses/townhouses projects generated the highest claims count (21%) and dollars spent (13%) percentages for small firm engineers in the South. This means that houses/townhouses projects were devastating for small firms along the East coast and southern part of the country. Schools/colleges finished with a split of 10%/11%. Condos ranked third with claims count and dollars spent percentages of 8% each.

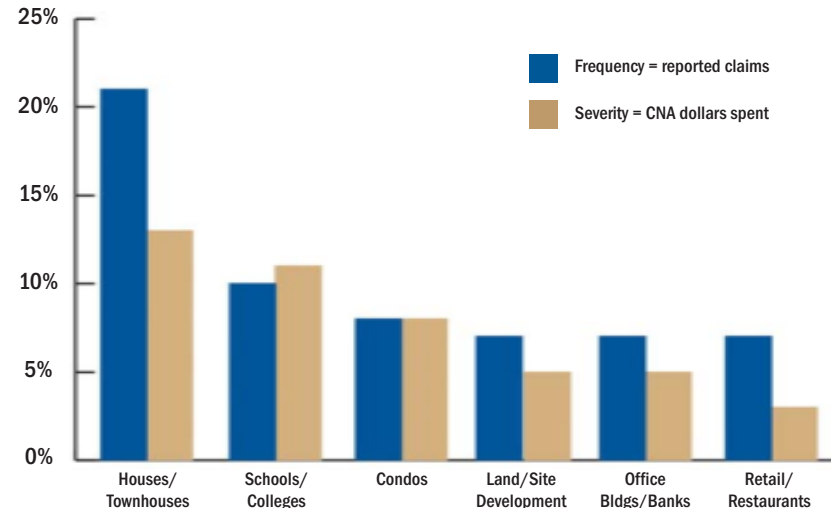
The problem areas that created the most severe and most frequent claims were plumbing/HVAC/fire protection systems (20%/24%), building superstructure (14%/21%), and foundations/substructure (13%/14%).

For more claims information, please visit Schinnerer's library of claims and case studies at [www.Schinnerer.com/risk-mgmt/Pages/Claim-studies.aspx](http://www.Schinnerer.com/risk-mgmt/Pages/Claim-studies.aspx).

Project Type Claims by Frequency/Severity – East Region (2003 - 2012)



Project Type Claims by Frequency/Severity – South Region (2003 - 2012)





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## Engineering Firms in the Small Firm Program

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For small firm engineers in the Midwest, houses/townhouses projects accounted for the highest claims count percentage (12%), but schools/colleges projects had the highest dollars spent percentage (16%). Three project types—land/site development, schools/colleges, and manufacturing/industrial—all had dollars spent rates higher than their claims count rates.

Some of the biggest problem areas in terms of causing high claims count and dollars spent percentages were plumbing/HVAC/fire protection systems (23%/27%) and building superstructure (14%/21%).

### States in Midwest Region:

IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI

### States in West Region:

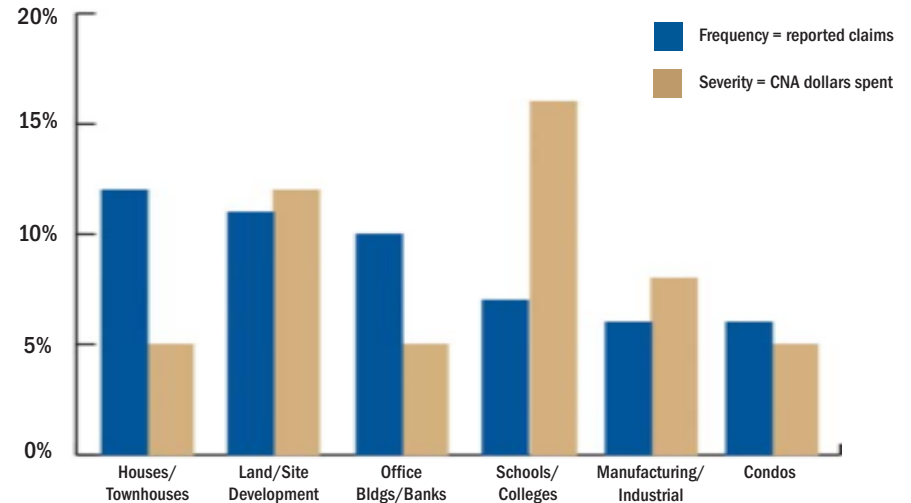
AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY

Just like all other regions, small firm engineers in the West encountered high claims count (37%) and dollars spent (30%) percentages on houses/townhouses projects. Condos (11%/12%), office buildings/banks (6%/9%), and hotels/motels (3%/8%) all had higher dollars spent than claims count percentages.

Foundations/substructure (16%/15%), plumbing/HVAC/fire protection systems (14%/15%), and building superstructure (13%/15%) were the biggest problem areas for small firm engineers in the West.

For more claims information, please visit Schinnerer's library of claims and case studies at [www.Schinnerer.com/risk-mgmt/Pages/Claim-studies.aspx](http://www.Schinnerer.com/risk-mgmt/Pages/Claim-studies.aspx).

Project Type Claims by Frequency/Severity – Midwest Region (2003 - 2012)



Project Type Claims by Frequency/Severity – West Region (2003 - 2012)

