



Online Benchmarking Study

Architecture Firms in the Large Firm Program

Annual billings over \$5 million

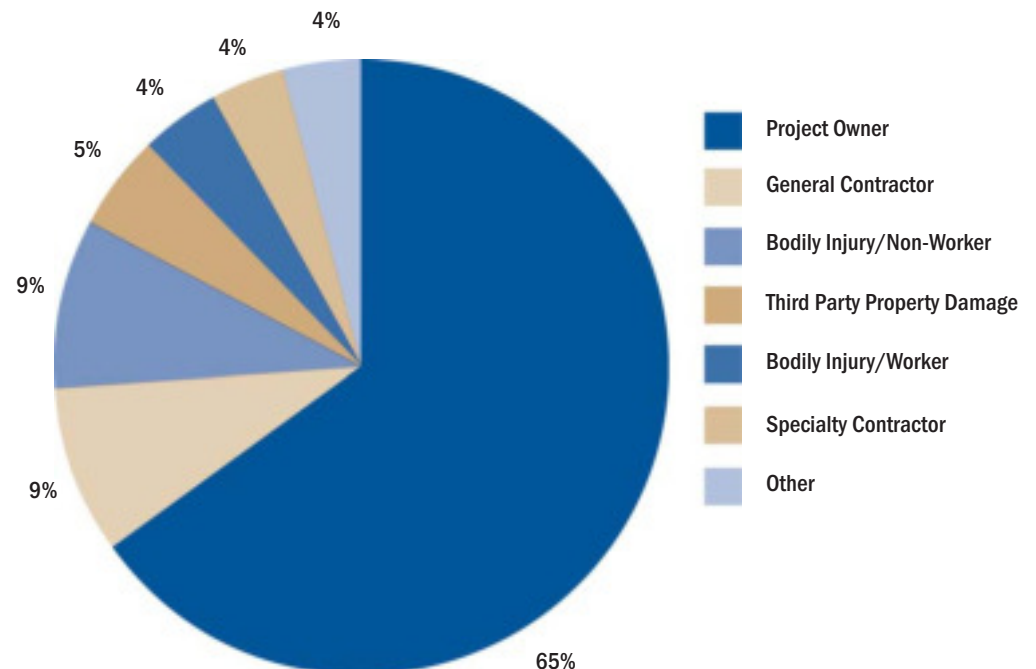
From 2003 through 2012, project owners filed the most claims against large firm architects. Roughly 65% of all claims against large firm architects were filed by project owners, with general contractors filing the second highest amount of claims at 9%. Most claims against architects are filed by project owners because of the contractual relationship between the architect and project owner. Project owners will sometimes file a claim against the architect 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 architects 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 architect assuming some responsibility for construction site safety either through contract or behavior. Liability for third party bodily injury may also result from the architect'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.

Claimant Identification by Frequency
(2003 - 2012)





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From 2003 through 2012, the highest percentage of claims filed against large firm architects involved schools/colleges projects at 27%. This project type also had the highest dollars spent percentage at 20%. Condos ranked second in both frequency and severity at 11% and 14%, respectively. Three other project types, office buildings/banks, apartments, and hotels/motels, had dollars spent percentages higher than their claims count percentages.

School projects require special design consideration and staff expertise. As with many project types, project owners often bring claims due to a lack of understanding about:

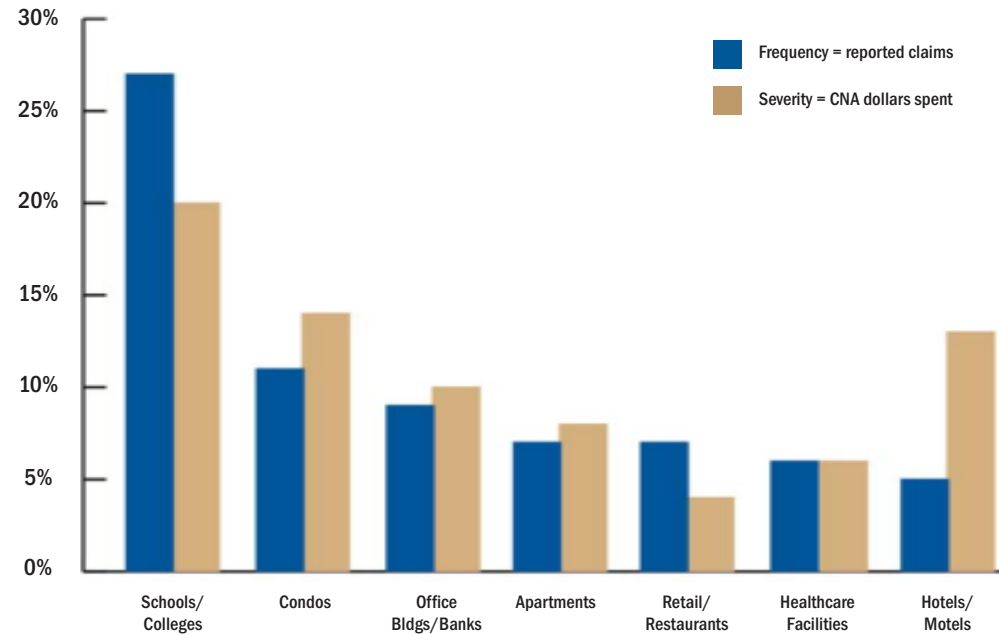
- the pros and cons associated with various project delivery methods;
- contracts defining the roles and responsibilities of all parties involved;
- detailed communication channels;
- change order procedures; and
- dispute resolution procedures.

An increase in schools/colleges construction may also have contributed to the frequency of claims.

Hotels/motels and office buildings/banks are two project types in which project owners often include economic damages as part of their claim against the architect.

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

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





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For large firm architects in the East, schools/colleges projects wreaked havoc on a firm's practice. This project type generated the highest claims count (32%) and dollars spent (33%) percentages by far. Office buildings/banks and condos tied for second, both with a 9% claims count rate and dollars spent percentage of 7%. Hotel/motel projects generated a severe dollars spent percentage versus its claims count percentage (17% versus 5%).

Two of the biggest problem areas were interior construction (30%/19%) and plumbing/HVAC/fire protection systems (16%/14%). These problem areas contributed to the high percentage of dollars spent on behalf of large firm architects for these project types.

States in East Region:

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

States in South Region:

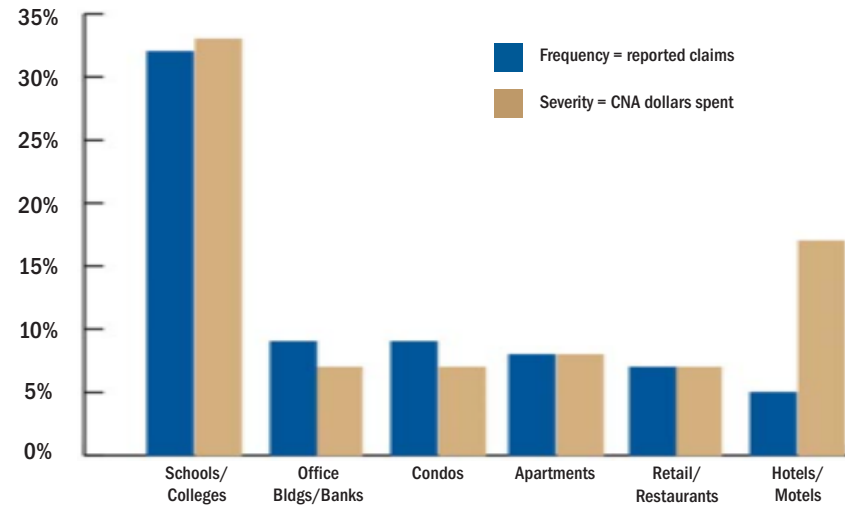
AL, AR, FL, GA, KY, LA, MS, NC, OK, SC, TN, TX

For large firm architects in the South, schools/colleges, condos, and healthcare facilities projects accounted for the three highest claims count percentages at 18%, 17%, and 9%, respectively. Condos, schools/colleges, and office buildings/banks projects accounted for the three highest dollars spent percentages at 23%, 12%, and 12%, respectively. Four project types—condos, office buildings/banks, healthcare facilities, and hotels/motels—all had dollars spent percentages higher than their claims count percentages.

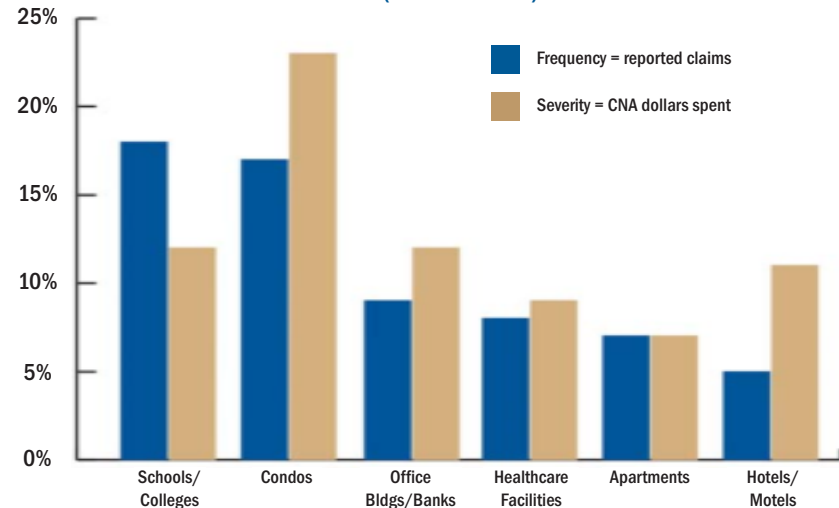
Interior construction (25%/22%), building superstructure (21%/16%), and plumbing/HVAC/fire protection systems (13%/29%) were the three biggest problem areas.

For more claims information, please visit Schinnerer's library of claims and case studies at 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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Just like in the East and South, schools/colleges projects dominated the Midwest with the highest claims count (40%) and dollars spent (24%) percentages for large firm architects. Healthcare facilities ranked second with 9% of the claims count. Healthcare facilities projects also accounted for the second highest dollars spent percentage at 15%.

Plumbing/HVAC/fire protection systems (24%/29%), interior construction (21%/10%), and building exterior closure (14%/22%) were the biggest problems for large firm architects on all project types in the Midwest.

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

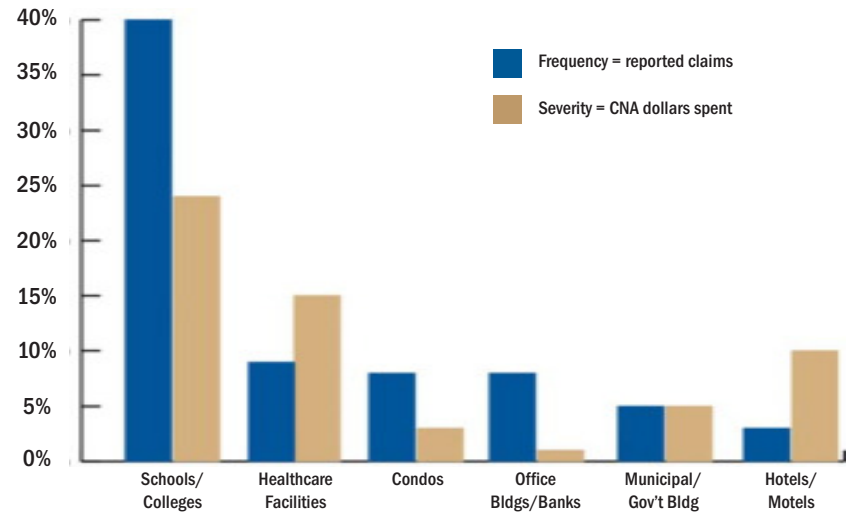
Houses/townhouses projects accounted for the highest claims count percentage (21%) and one of the lowest dollars spent percentage (1%) for large firm architects in the West. Schools/colleges projects ranked second in claims count at 15%. Condos, office buildings/banks, apartments, and hotels/motels projects all had dollars spent percentages that outpaced their claims count percentages. Condos and office buildings/banks (20% and 19%, respectively) had the two highest dollars spent percentages.

Building superstructure (29%/44%) and interior construction (20%/13%) were big problem areas within the West for large firm architects across all project types.

For more claims information, please visit Schinnerer's library of claims and case studies at 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)

