



Online Benchmarking Study

Architecture Firms in the Small Firm Program

Annual billings less than \$500,000

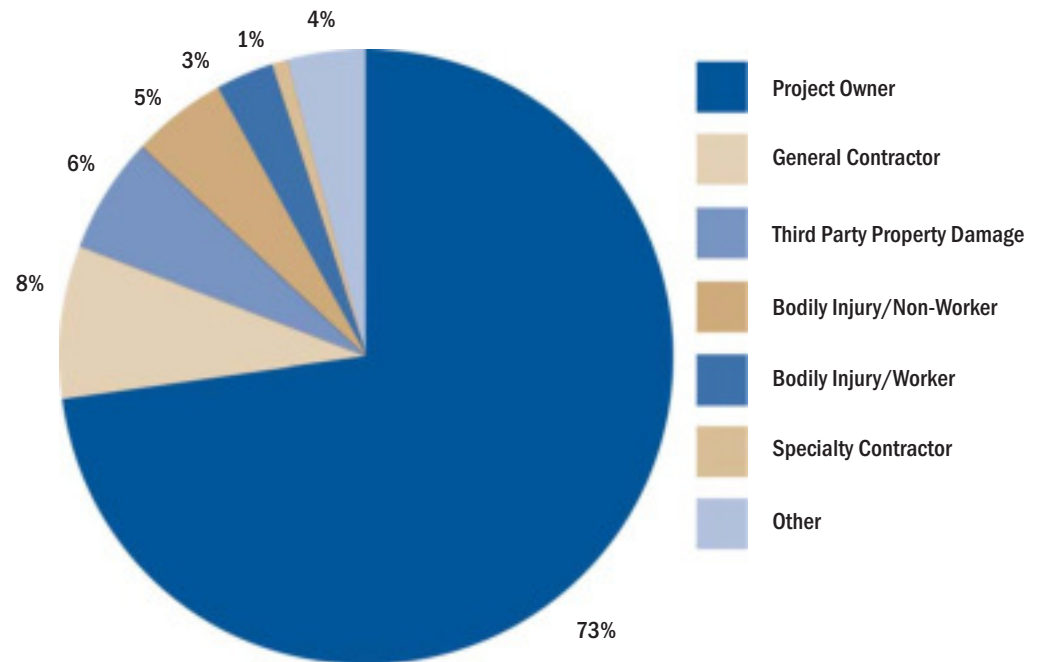
From 2003 through 2012, project owners filed the most claims against small firm architects. Roughly 73% of all claims against small firm architects were filed by project owners, with general contractors filing the second most at 8%. Most claims against architects are filed by project owners because of 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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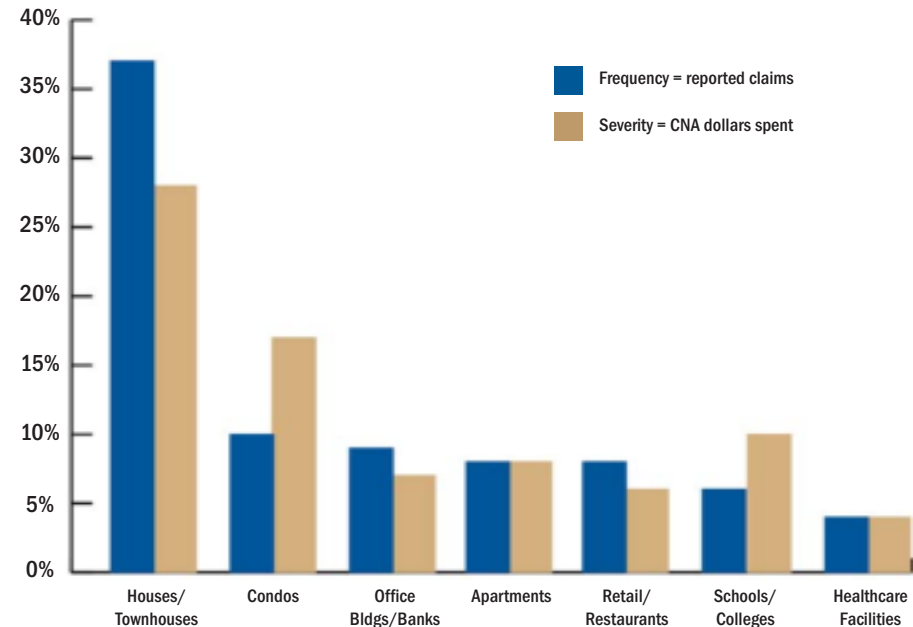
From 2003 through 2012, houses/townhouses projects generated a claims count percentage of 37%, which was the highest claims count percentage against small firm architects, close to four times the amount of the next project type. Houses/townhouses projects also had the highest dollars spent percentage at 28%. Condos projects ranked second in both claims count and dollars spent percentages at 10%/17%.

Condos and schools/colleges were project types in which small firm architects suffered a higher dollars spent percentage than claims count percentage. Condos were particularly troublesome for small firm architects as the severity rate was 17%, despite a frequency rate of 10%.

The relatively high dollars spent percentage for condo projects as compared to the claims count percentage may have been due, in part, to the “multiplicity” of individual condo unit owners filing a claim against the architect, which in turn increased defense costs.

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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From 2003 through 2012, houses/townhouses projects dominated the East with the highest claims count (42%) and dollars spent (36%) percentages for small firm architects. Apartments and condos projects ranked second and third, respectively, with frequency percentages of 11% and 8%. In all, residential projects proved to be highly risky for small firm architects in the East.

The biggest problem areas for small firm architects on all project types in the East were interior construction (30%/23%), building superstructure (14%/11%), and plumbing/HVAC/fire protection systems (9%/12%).

States in East Region:

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

States in South Region:

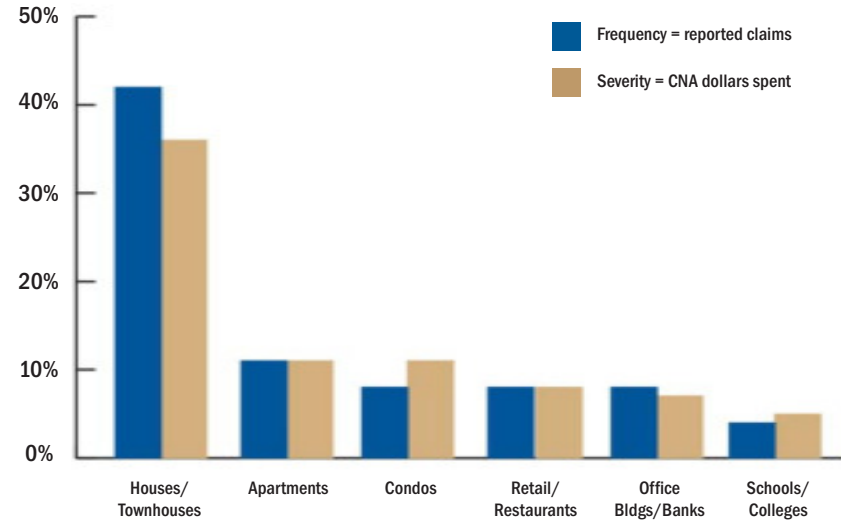
AL, AR, FL, GA, KY, LA, MS, NC, OK, SC, TN, TX

In the South, small firm architects encountered a claims count percentage of 20% on houses/townhouses projects. Condos projects ranked second at 12% and schools/colleges ranked third at 11%. Small firm architects encountered a severity rate of 25% on schools/colleges projects, while condo projects ranked second with a dollars spent percentage of 19% and houses/townhouses ranked third at 14%.

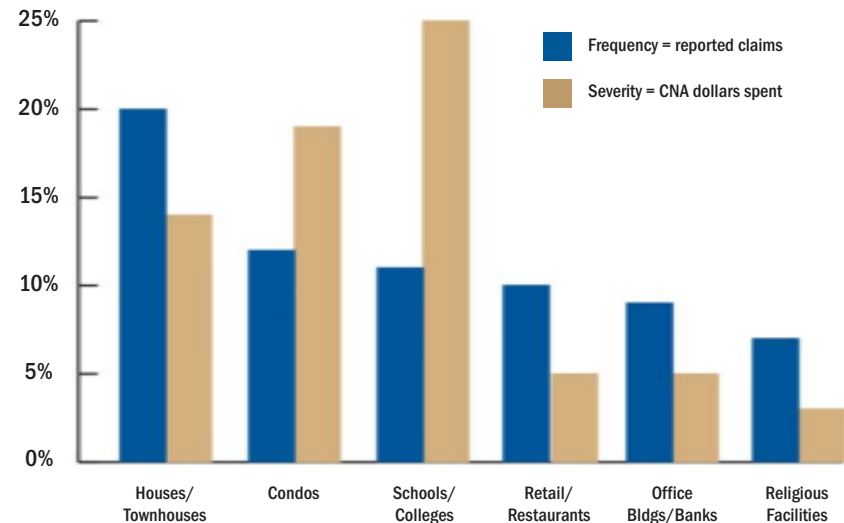
The biggest problem areas for small firm architects on all project types in the South were interior construction (29%/18%) and building superstructure (13%/11%).

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



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





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For small firm architects in the Midwest, houses/townhouses projects generated the highest claims count (26%) and dollars spent (19%) percentages. Condos, office buildings/banks, and retail/restaurants projects all tied for second with claims count percentages of 10% each. Condos, schools/colleges, and apartments all had severity rates that outpaced their frequency rates.

Interior construction (23%/17%), plumbing/HVAC/fire protection systems (18%/12%), and building exterior closure (14%/21%) represented the biggest problem areas for small 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

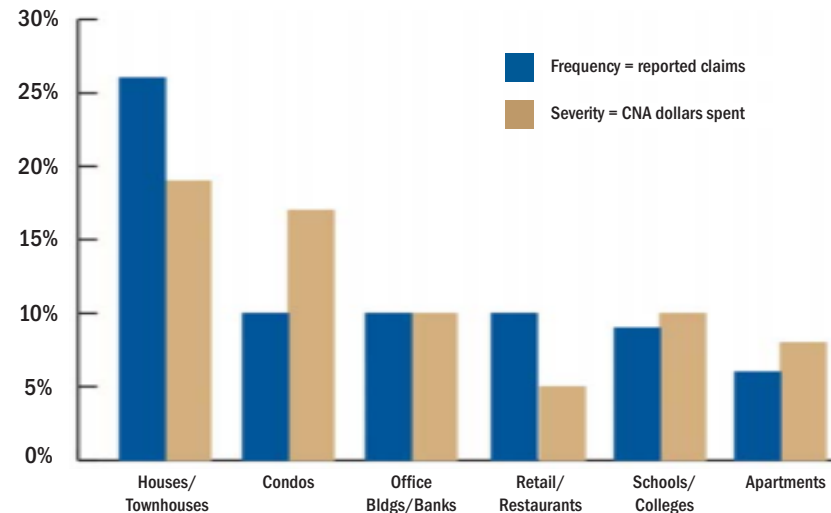
Houses/townhouses generated the highest claims count and dollars spent percentages (48% and 31%, respectively). For small firm architects, this project type had the highest claims count percentage in every region of the U.S. Condos (12%) and office buildings/banks (8%) ranked second and third, respectively, in terms of claims count percentages.

Condos resulted in high severity claims (28%) and should be approached with caution. Interior construction (24%/19%), building superstructure (19%/26%), and building exterior closure (14%/28%) were the 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 – Midwest Region (2003 - 2012)



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

