

# Premium Rating

By Kevin Goranson - Vice President, Cosburn, Griffiths & Brandham

The Association has had a number of letters regarding how premiums are calculated under the current Professional Liability Master policy. Prior to outlining how the current system works, I would like to point out that NO rating system is perfect. The key to a rating system is to try to devise a methodology that reflects proper pricing for the exposures to be insured.

It is important to note that the current system was NOT devised by an insurer, but rather by the AOLS Insurance Committee, which is comprised of surveyors. As the Committee changes on an ongoing basis, a fair number of surveyors have had a chance to review the methodology over the years. It should be of interest that, despite the input of a number of surveyors, from different-sized firms, the concept of the current system has never been found to be seriously flawed. Only the weighting of categories has been changed.

The current rating system is comprised of the following categories:

- 1) a charge for the firm, and each OLS;
- 2) a charge for fees in excess of \$200,000;
- 3) a charge for construction work, based on fees;
- 4) a claims surcharge; and,
- 5) a charge for increased Limits of Liability, if such limits are carried by an individual or firm.

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The Insurance Committee has suggested that a review of the methodology should be conducted, with input from the members. Two alternatives have been suggested. They are:

### 1) A Gross Income Based Rating System

There would be one rate for construction related fees and a separate, lower rate for all other fees. A claims surcharge would still apply, as well as a charge for increased Limits of Liability if either were applicable.

### 2) An OLS Based Rating System

There would be a charge for each OLS, plus the applicable claims surcharge, and increased Limits of Liability charge.

Please note that these are only suggestions and would have to be reviewed thoroughly before any changes were to be made. I would appreciate hearing from any members who have either recommendations for improvements to the present rating schedule or suggestions regarding alternatives. Please send your comments to:

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P.S. There are details below on a Loss Control seminar being offered across the province. The seminar is being conducted by Frank Bowman of Fraser & Beatty, and will provide an interesting insight into actual claims under our Professional Liability Program. I would highly recommend that you attend.



### --- AOLS SEMINAR --- "Liability Insurance - Pitfalls and Payments"

This seminar from the "Litigation Perspective," presented by Frank E.P. Bowman of Fraser & Beatty, Barristers & Solicitors, is a half-day seminar based on actual situations that have been encountered since the inception of the AOLS Professional Liability Insurance Program. It is a seminar for all members and staff who practice "Professional Land Surveying."

**When actions arise on past files, what safeguards would have negated or lessened any chance of a claim?**

Thunder Bay : October 30  
Ottawa : November 2

Mississauga : December 13

Sudbury : November 1  
London : November 7

*We wish to thank our Insurance Carrier, GUARDIAN INSURANCE COMPANY OF CANADA, for assisting in defraying some of the costs of this seminar.*