

Damage Control: Managing Claims to Minimize Risk

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SUMMARY

Below, is a list of seven steps to take if, and when, a liability claim is made against your firm.

FACE THE SITUATION SQUARELY

As unpleasant as it may be to be the target of a professional liability claim, it is important to respond to the situation promptly, effectively, and professionally. Failing to do so may have serious negative consequences. Appropriate action may reduce your exposure to risk.

HOW TO REACT WHEN A CLAIM IS MADE

- Keep calm and act in a professional manner. Avoid any immediate or emotional reactions. Counteraccusations are unproductive and could make the situation worse.
- Report all relevant circumstances to your insurer and your legal counsel. Make sure members of your firm do not take any action without discussing the implications with the insurance company and your attorney.
- Avoid any admission of responsibility, even if you think you have made an error. Responsibility will be determined in time through due process.
- Subject to the advice of your insurer and legal counsel, continue to communicate with all parties in a professional and businesslike manner.
- If work is continuing on the project, try to maintain a team environment, based on the mutual interest of all parties in successfully completing the job.
- Assemble and organize all necessary documentation.

RESOURCES

More Best Practices

The following AIA Best Practices provide additional information related to this topic

- 05.01.01 Evaluating Prospective Clients
- 05.02.01 The Go/No-Go Decision: From a Risk Management Perspective
- 09.01.03 Warning Signs of Potential Claims for Errors and Omissions

For More Information on This Topic

See “Managing Disputes” by Frank Musica, Esq, Assoc. AIA, *The Architect’s Handbook of Professional Practice*, 13th edition, Chapter 12, page 345.

See also the 14th edition of the *Handbook*, which can be ordered from the AIA Bookstore by calling 800-242-3837 (option 4) or by email at bookstore@aia.org.



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Key Terms

- Practice
- Insurance management
- Liability insurance
- Professional liability insurance