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NATIONAL SECONDARY PROFESSIONAL LIABILITY PROGRAM

Dear Member,

We are writing to you to announce the establishment of the National Secondary Professional Liability Insurance Program for engineers and geoscientists. Some time ago, the provincial and territorial licensing bodies noted that while consulting engineering professionals are aware of the need for professional liability insurance, members practicing in fields other than standalone consulting don't always appreciate their exposure to liability claims. In addition, these members are often dependent upon their employer's General Liability insurance policy when professional liability claims arise. There are cases where this coverage is not sufficient. There are also other situations, for instance when an individual retires, or when a firm ceases operations, where secondary insurance can be beneficial. Some examples are found in the Questions and Answer (Q&A) document following this letter.

Once the need for this insurance coverage was identified, interested associations/l'Ordre and the Canadian Council of Professional Engineers worked together to establish this Program. They selected DPIC to provide the insurance services based on results from a request for proposals process. Security Insurance Company of Hartford is the program's underwriter and Pro-Form Insurance Services/HUB International Group of Companies is the primary Broker. The Broker's staff are available to answer your questions and can be reached at **1(800) 361-9080** from 9:00 am to 5:00 pm, Monday to Friday, eastern time.

The following associations/Ordre have decided to participate in the program at this time: NAPEGG, APEGBC, APEGGA, APEGS, APEGM, OIQ, APEGNB, APEGN, APENS and APEPEI. Members of these associations/Ordre shall be covered under the Program. Coverage is effective as of March 31, 2002. Some associations have included the cost of premium in the annual membership fees.

The program was designed to provide professional liability insurance coverage to individual engineers or geoscientists. The insurance is intended to respond to claims by the general public against an engineer or geoscientist for professional services provided. This coverage

is not for firms, corporations, public entities or employers of any sort. While the main purpose of the program is to insure individuals engaged in areas other than standalone consulting, there are some distinct situations where the policy may apply to consulting engineers or geoscientists. The Q&A document deals with some situations, and particular scenarios can be reviewed by the program's Broker.

Enclosed with this letter is a Certificate of Insurance, which provides reference information about the coverage. Please refer to the Q&A document attached to gain further insight into the program. Naturally, the Master Insurance Policy wording contains many specifics that apply to the operation of coverage. Although we have not constantly referred to all these terms and conditions when providing the explanations, all those terms and conditions apply. You may wish to view a full text copy of that Master policy, number 96700, which many Associations have posted on their website. If you wish additional information, please call the program hot line at **1-800-361-9080**.

Yours truly,

SECURITY INSURANCE COMPANY OF HARTFORD

A handwritten signature in black ink, appearing to read 'Peter Needra', with a stylized flourish at the end.

Peter Needra, P.Eng.
Vice President &
General Manager – Canada