

AIA Convention 2016

Philadelphia

Practice Management Luncheon

Friday, May 20, 2016

ANNOUNCEMENT ABOUT DEVELOPMENTS

With respect to the a/e ProNet David W. Lakamp
AIA Practice Management Scholarship

Good morning architects and all others who have come to this year's AIA Convention in the great design city of Philadelphia.

My name is Tom Coghlan and I'm an Insurance Broker with Integro from NYC and founding member and scholarship Chair of a/e ProNet. I have the privilege to speak to you today about a/e ProNet's scholarship commitment to **your** profession's future. I will also be speaking about a **great** man, David Lakamp, in whose honor the scholarship has been named.

A little history

In 1987, a group of 5 Insurance Brokers met in Kansas City at Lockton Brokers to discuss the following questions:

- Could we leverage our collective knowledge and **individual** advocacy for our design clients and improve the availability and affordability of Professional Liability insurance?
- Would architects in private practice benefit from the formation of a **new** network of insurance professionals, **independent** from the Professional Liability insurers, dedicated to providing risk and practice management initiatives, programs and services?

The timing of this was during what had been dubbed by the media as “The Liability Crisis” that impacted virtually all aspects of society, in general and design professionals in particular.

Some of you in practice then (the mid-1980s) will remember **soaring** Professional Liability Premiums, **imposed** Deductible increases – even without firm claims/losses, **limited choice** among insurers in the marketplace, **inability** to satisfy contractually agreed to Limits of Liability due to the lack of reinsurance and overall angst with respect to protecting your personal and your firm’s financial wellbeing. It was decided that YES – establishing this new independent network would **benefit** your profession and protect it from the inconsistent and erratic behavior of the insurance industry.

a/e ProNet was formed in 1987 and began to build out the membership, by invitation only, with likeminded and capable insurance professional throughout the country. Today, we have 37 member firms throughout the US and UK and represent in excess of \$300,000,000 in Annual Professional Liability Premiums for 16,000 Design Firms.

Shortly after forming this network, around 1990, a founding member, Davis Lakamp from San Francisco proposed that one of the programs we champion and support be the endowment of scholarships for 4th or 5th year students in NAAB accredited degree programs or those pursuing M Arch degrees. a/e ProNet committed to endow a scholarship in the amount of \$40,000. This was accomplished within a few years and an annual award in the amount of \$2,500 was granted to the recipient selected by the AIA scholarship committee.

A little about the man – David Lakamp

The a/e ProNet Practice Management scholarship was renamed The David W. Lakamp AIA Practice Management Scholarship shortly after his passing in 1999. Dave Lakamp was a pioneer in the development of the **discipline** of architectural practice risk and practice management. Dave connected the “dots” among all stakeholders – the members of the design professions, professional organizations including the AIA and NSPE and others, owner groups, insurance and legal communities.

I believe Dave was the most articulate, innovative and effective advocate for architectural risk and practice management in the insurance industry during the last few decades of the 20th century. He strongly advocated an **empowerment** of architects in private practice when insurers and attorneys, and even the AIA through their standard agreements, were encouraging architects to attempt to **avoid** responsibilities and liabilities when rendering services to project Owners. Dave believed this was a slippery slope of diminishing the value of your noble profession which would leave architects with reduced standing in the construction process, reduced revenue for service rendered,

while at the same time, **ultimate** legal responsibility with **less control** of a successful project outcome.

Dave believed architects should negotiate as a full scope of services as possible to protect project owners, while at the same time **provide** architects with **authority and knowledge** as to what was occurring on the project in real time. This would facilitate **timely** resolution of the inevitable issues that would surface – which was a major benefit to the Project Owner **and** a risk management tool for the architectural practice.

Dave encouraged Professional Liability insurers to **develop** and **support** risk management initiatives to reduce or eliminate future disputes. He was instrumental in showing Professional Liability insurers that providing pre-claim assistance to architects would **preserve** the architect's relationship with the client, **reduce** the architect's liability and ultimately **benefit** the insurer. Dave was **effective** in getting the Professional Liability insurers to recognize they really didn't need all of the **legacy exclusions** contained in their policies. These include, but are not limited to, exclusions for design/build, timelessness of service and providing cost estimates to Project Owners. Each of these **exclusions have been eliminated** from the typical coverage offering to architectural practices.

Dave believed if architects **stepped back** from offering **meaningful and valued services** to the Project Owner **others** would fill the void. He believed architects should be shoulder to shoulder with Project Owners as **highly respected professionals** enabling Project Owners to accomplish their objectives rather than in the **line of fire** when difficulties would surface during the course of building the project. Dave believed architects should be relied upon to professionally **respond** to those circumstances – **not blamed for them**.

Dave believed Professional Liability insurers should be **proactive in managing risk** rather than just **being passive** by defending and indemnifying claimants when warranted.

The scholarship is named in his honor for all his contributions to the profession. It should also be noted that it was Dave Lakamp **who initially suggested** to the a/e ProNet board that an endowed scholarship commitment be made to the AIA to support **promising students** whose studies include an emphasis on practice management. I hope this provides some background on Dave Lakamp's significant role in **your** profession and his **special interest** in the AIA.

What I am pleased to tell you today is that:

- a/e ProNet's Board has **reinforced** its original commitment to **architectural students** by increasing its endowed scholarship from \$40,000 to \$100,000.

Assets stand at some \$80,000 today, after having awarded scholarship continuously for over 25 years.

- The AIA is now awarding 2 scholarships per year, each in the amount of \$5,000, up from the original commitment of 1 scholarship at \$2,500.
- a/e ProNet is funding the \$10,000 annual scholarships with **additional funds** so as not to deplete the endowed funds until the \$100,000 amount has been achieved.

End Note

So with all the challenges we face daily in our personal and professional lives – it is my great pleasure to tell you the story of **an organization** that was founded some 27 years ago to support **you** in managing your professional liabilities and the story **of a man**, Dave Lakamp:

- who didn't accept the status quo.
- who had a **vision** of how things could be better for the design professionals he served as an insurance broker and advisor, and
- who shared his knowledge, experience and talents with others to improve the discipline of design practice risk and practice management.

I hope you found my story of interest so that **you too** will be inspired to think of ways **you can add** some things of value to your profession for those who will follow in your footsteps.

Enjoy the Convention programs and activities, each other's' company and the great host city of Philadelphia.

Thank you.