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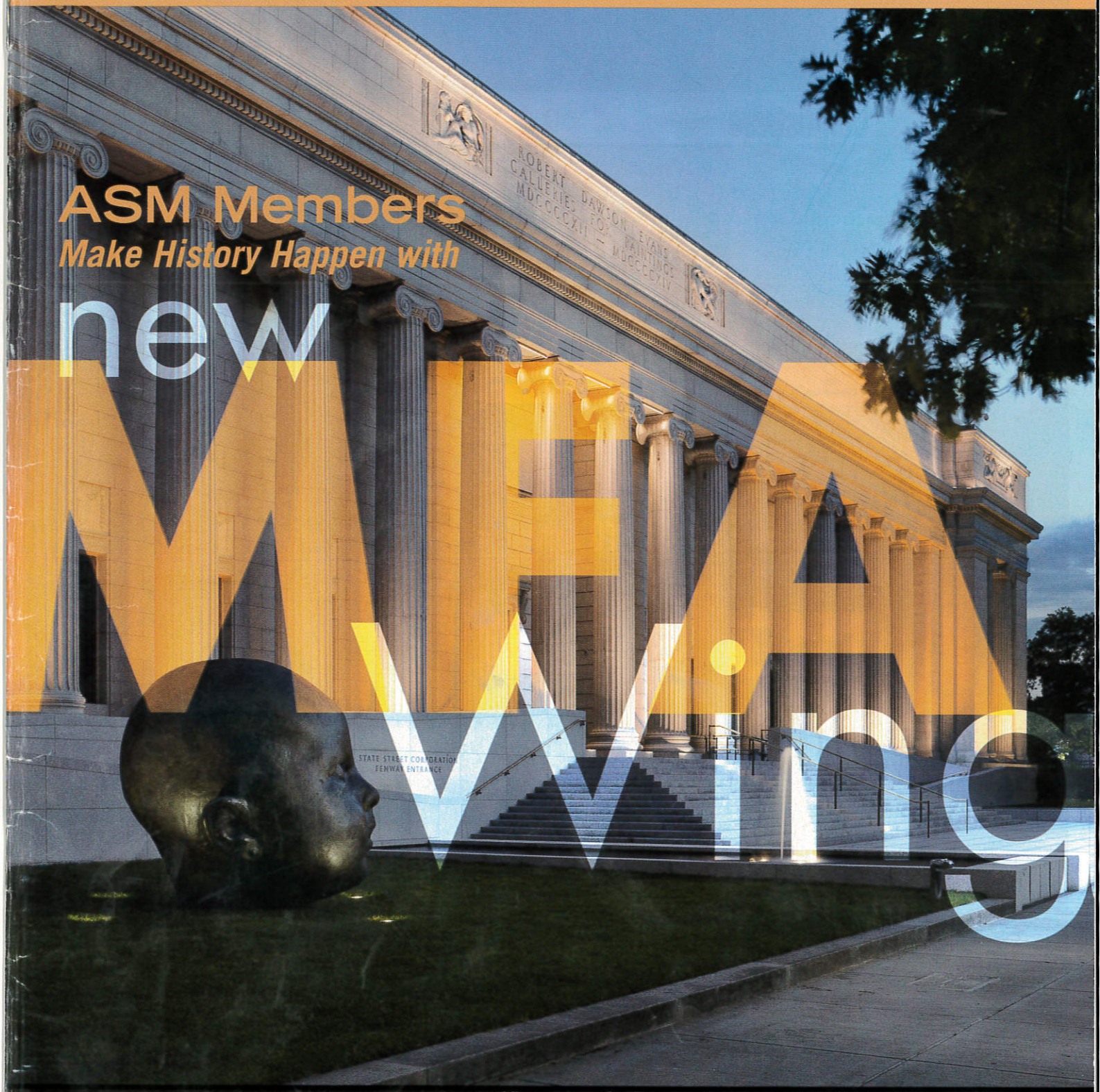

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A SUPPLEMENT TO BANKER & TRADESMAN

Building Information Modeling (BIM):

Are You Managing the Risk?

By Bernard K. Quinlan, CIC, CRM, CPCU

Building Information Modeling (BIM) is an integrated technology for creating a three-dimensional model of the physical and functional aspects of a building, from design through operation. Used by all project participants, BIM facilitates the early recognition of potential problems and conflict areas, thus reducing or avoiding rework and changes. The result is improved efficiency and cost savings. This new technology also enables greater use of prefabrication and offsite fabrication.

Together, these factors should reduce the frequency and severity of workers' compensation and general liability claims. However, the mitigation of traditional claim exposures will be offset to some degree by new risks and exposures:

- More extensive involvement by contractors and subcontractors in the design process creates exposures not covered by commercial general liability (CGL) insurance. The CGL policy responds to claims arising from bodily injury or property damage caused by the contractor. However, economic losses resulting from project delay due to design errors would not be covered by the contractor's CGL policy. Participants in BIM projects should consider purchasing contractor's professional liability insurance to address this type of exposure.
- Multiple parties utilizing the model (design professional, contractor and subcontractors) present additional exposures to loss. What if a subcontractor employee's computer is stolen, and an unauthorized party gains access to the model? What if a subcontractor's employee accidentally transmits a virus to the design professional and other contractors? What if the contract has a confidentiality provision, requiring notice of breach? What if the breach results in a substantial delay in the project? A cyber liability policy can respond to these exposures.
- Contract provisions dealing with warranties or guarantees for BIM projects must be carefully reviewed to consider how subcontractors can limit their exposure. Subcontractors should also attempt to negotiate limitations for design liability in their contracts.
- Surety underwriters may consider additional factors when underwriting a bond for a BIM project. Does the contractor have BIM experience? What is the BIM experience of other team members? Are the parties managing the risks associated with BIM?

Insurance coverage and other risk management tools are available to deal with the developing and changing exposures presented by BIM. Contractors should consult with their legal advisors and insurance providers to understand and address the distinctive and evolving risks associated with a BIM project. ▲

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