

**A STUDY OF PROFESSIONAL LIABILITIES AND NEED
FOR PROFESSIONAL INDEMNITY INSURANCE FOR
QUANTITY SURVEYORS**

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Degree of Master of Science

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Thesis submitted in partial fulfillment of the requirements for the degree Master of Science
in Construction Law and Dispute Resolution

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ABSTRACT

Quantity Surveyor is one of the vital professionals involved in the construction industry, dealing with the problems related to construction cost, construction management and construction communication, on behalf of the client, and a cost expert whose prime task is to ensure that the project is kept within the agreed budget and that the client obtains value for money. However, the duties of professionals in the construction industry are subject to various uncertainties and risks such as professional faults, project safety or performance problems, and quality expectations since the professionals are expected to provide their professional services to their best performance and avoid professional negligence and errors. For decades, it seems there has been an explosion of claims against professional liabilities within the profession where the professionals were held liable to the client and others for failures to perform their professional obligations in accordance with the standard of care. However, the various approaches are available to deal with this risk of professional faults and negligence that a professional may adopt are the reduction of risk, risk avoidance and sharing the risk and several countries have already practiced mitigating the effects. One of the mitigation measures is professional indemnity insurance (PII) which undertakes to indemnify the damages caused by the faults and negligence of the professionals committed in the ordinary course of his business. However, when considering Sri Lankan context, the majority of quantity surveyors did not have any idea of the extent of their faults and negligence occurred and if any faults would be committed, they did not have much more knowledge regarding the mitigation measures could be used to address the effects. Therefore, this study aims to explore the measures available to mitigate the professional faults and negligence of quantity surveyors with special emphasis on professional indemnity insurance (PII)

An extensive literature review reveals professional liabilities of quantity surveyors around the world, as well in Sri Lanka, and faults and negligence of quantity surveyors, the reasons of faults and negligence, the effects of such faults to the client and the organization and measures to be used to mitigate the effects with special emphasis to PII. These findings are further confirmed with questionnaire survey which is administered among quantity surveyors. Statistical methods including descriptive statistics analysis is used to analyse the survey data with the aid of Excel.

The use of PII is one of the methods in which a professional could decide to limit the financial consequences of an action brought against him for professional negligence. There is a need for greater awareness on the concept and application of professional indemnity insurance, greater emphasis and encouragement of its use in the construction industry that are best suited to the construction industry.

Keywords: Quantity Surveyor, Professional Liabilities, Professional Indemnity Insurance (PII)

DEDICATION.....

To my beloved parents

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ABBREVIATION

AIQS	-	Australian Institute of Quantity Surveyors
BOQ	-	Bill of Quantities
CIDA	-	Construction Industry Development Authority
CIQS	-	Canadian Institute of Quantity Surveyors
HKEDC	-	Hong Kong Ethics Development Center
ICEC	-	International Cost Engineering Council
IQSSL	-	Institute of Quantity Surveyors Sri Lanka
NZIQS	-	New Zealand Institute of Surveyors
PAQS	-	Pacific Association of Quantity Surveyors
QS	-	Quantity Surveyor
RICS	-	Royal Institution of Chartered Surveyors
SME	-	Subject Matter Expert