



## PROFESSIONAL EXPOSURE CLAIM SCENARIOS

### Roofing Contractor

A roofing contractor was hired to design and install the roof of a new office building including a solar panel array. The design was performed in house by a licensed PE employed by the contractor. After the building was complete, the roof clasped during an ice storm. The PE failed to consider the appropriate load factors in the design specifications associated with regional weather events. The costs to defend the contractor, repair the roof and pay the associated property damage claims were in excess \$650,000.

### Construction Manager (CM)

A CM for a bridge replacement project was responsible for scheduling the procurement and delivery of steel beams necessary for the project. Due to a communication error, the delivery of the beams was going to be delayed for 4 weeks. Rather than have the steel subcontractors idle on the jobsite, the CM procured steel beams from another vendor with minimal delay, although at a higher cost. The owner made a claim against the CM for professional negligence alleging mismanagement of the project and sought payment for associated cost overruns in excess of \$200,000.

### General Contractor (GC)

A GC was hired to build an athletic field using plans from a civil engineer who was retained by the owner to complete a preliminary design. At the owner's insistence, the GC hired the civil engineer under a design-build contract. After the field was constructed, it was determined that the completed design was flawed and there was a significant drainage problem causing the field to be unusable. The owner filed a lawsuit against the GC and the GC initiated a subrogation action against the civil engineer. The cost to repair the field at an accelerated schedule in order to minimize the owner's business interruption costs was in excess of \$400,000. The GC's legal costs were in excess of \$50,000.

### General Contractor (GC)

A GC under a design-build contract hired an HVAC subcontractor to design and install an HVAC system for a residential apartment project. Once completed and occupied, the apartment units began developing mold and residents subsequently began complaining of respiratory problems, headaches and other physical ailments. An error in the HVAC design plans caused significant condensation in the system resulting in mold generation. The GC's legal costs, costs to remediate the mold contamination, costs to pay bodily injury claims and rectify the problem caused by the design error was over \$1,000,000. Neither the GC nor the subcontractor carried professional liability coverage. The subcontractor declared bankruptcy, leaving the GC to pay all of the associated damages.

### Concrete Contractor

A specialty concrete contractor under a design-build contract of a parking garage hired an engineering firm to provide the structural specifications. Following construction, the garage owner noticed cracks in the support columns. The cause was determined to be that the rebar specified in the engineering plans was insufficient to support the structure. The cost to replace the rebar with appropriate materials was in excess of \$140,000. As the contractor hired the engineering firm under a design-build contract, the owner filed a lawsuit against the contractor for the repairs and resulting business interruption losses.



### Civil Contractor

A heavy highway and bridge contractor was hired to build an elevated highway. The contractor hired an engineer to design the temporary support structures (false work) used to support the permanent structure until the highway was completed. A design flaw in the false work caused a partial collapse of the highway resulting in property damage to a subcontractor's equipment and project delays. The costs to repair the highway and pay the associated property damage and delay costs were over \$550,000.

### Specialty Contractor

A specialty contractor was hired by a general contractor (GC) to design and build a retaining wall for a commercial development. The GC was responsible for the initial site development and infrastructure. Upon completion, the building developed cracks in both the walls and floors. It was determined that the design of the retaining wall was insufficient, resulting in soil movement and subsidence which caused the cracks. The cost to defend the GC, repair the retaining wall and building cracks was over \$150,000 after contribution from the contractor's insurance coverage which was limited to \$250,000.

#### Claims Handling/Emergency Response

- Internal claims handling that is customer-facing and service focused
- 24/7 emergency response capabilities

#### Claims Contact

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