

PROFESSIONAL LIABILITY AGENTS NETWORK

NEWSLETTER

PLAN

Does a Design Professional Need a General Liability Policy?

Many architects and engineers view professional liability insurance as their primary risk management tool. Most claims against design professionals arise from allegations of professional acts, errors, or omissions, so this coverage receives the greatest attention during annual renewals and contract negotiations.

Yet one question frequently arises: if professional liability insurance covers design errors, why does a design professional also need Commercial General Liability (GL) insurance?

The answer is simple. Professional liability and general liability policies address fundamentally different exposures. While there is some overlap, each responds to distinct risks. A design firm relying solely on professional liability coverage may face uninsured exposures from ordinary operations, office activities, site visits, and third-party bodily injury or property damage claims. These risks can result in significant legal costs and damages. Although less frequent than professional liability claims, they remain real and must be addressed. Understanding the role of general liability insurance is an essential part of an effective risk management program.

Professional Liability Versus General Liability

Professional liability insurance responds to claims arising from professional services. In the A/E industry, these claims typically allege that the design professional failed to meet the applicable standard of care and caused damages.

Examples include:

- Design errors resulting in construction defects
- Inadequate coordination between disciplines
- Incorrect specifications
- Code compliance issues
- Errors in calculations or judgment
- Delays arising from negligent design services

A typical example involves structural design deficiencies discovered during construction, resulting in corrective work, delays, and additional costs. Although no bodily injury or third-party property damage occurred, the claim generated substantial defense costs and resulted in a significant settlement—precisely the type of exposure professional liability insurance is intended to address.

Commercial General Liability insurance addresses a different category of risk. GL policies generally respond to claims involving bodily injury, property damage, and personal or advertising injury arising from business operations rather than professional judgment. Design professionals often perform project-related activities that do not constitute professional services, and not every claim arising during a project is a professional liability claim.

Examples include:

- A visitor slipping and falling in the firm's office
- An employee accidentally damaging a client's property during a site visit
- Bodily injury at a public meeting
- Damage from temporary operations or field activities
- Third-party property damage unrelated to professional services

PROFESSIONAL LIABILITY AGENTS NETWORK

NEWSLETTER

PLAN

These claims frequently arise from routine business activities such as public meetings, outreach events, or marketing efforts. For example, a participant at a public meeting may trip over equipment, or a firm may face allegations arising from the use of project photographs. Such exposures stem from business operations rather than professional services.

The critical question is what caused the alleged injury or damage. If it resulted from a failure to meet the professional standard of care, it is generally a professional liability exposure. If it resulted from operational activities or ordinary negligence, it may fall within general liability.

The Site Visit Exposure

A common misconception is that all risks associated with construction administration and site observation fall within professional liability coverage. That is not always the case.

If an engineer leaves equipment in a walkway and a contractor's employee is injured, the claim may involve ordinary negligence rather than professional services. Similarly, a design professional may damage a vehicle, strike a utility line, or cause other property damage unrelated to the preparation of plans and specifications.

These claims often arise from routine field activities. Survey crews have damaged underground lines, and engineers have inadvertently damaged equipment while working in active construction areas. In each case, the claim arises from operational conduct, not professional judgment.

Site visits require navigating active areas, accessing equipment, and interacting with contractors. When bodily injury or property damage occurs outside professional judgment, the claim may be treated differently than a design error. These exposures often fall within general liability coverage.

Contract Requirements Continue to Drive GL Purchases

Many client agreements require general liability coverage. Public and private clients often mandate specified limits, additional insured provisions, and documentation requirements, which are frequently non-negotiable. Failure to maintain required coverage can create contractual default issues regardless of whether a claim occurs.

Defense Costs Matter

A key benefit of general liability insurance is the insurer's duty to defend. Even relatively minor claims can generate substantial legal expenses, including investigation, expert analysis, and negotiations. Defense costs can quickly exceed the amount in dispute. Transferring these obligations to an insurer protects both financial resources and management time.

The Professional Liability Exclusion

Both policies contain exclusions that limit overlap. Professional liability policies cover professional services, while general liability policies cover bodily injury and property damage. Each excludes exposures intended for the other, which can create gaps if only one policy is maintained. Courts often determine coverage based on the nature of the activity

PROFESSIONAL LIABILITY AGENTS NETWORK

NEWSLETTER



giving rise to the claim—not simply the damages alleged. Maintaining both policies helps ensure that operational and professional exposures are properly addressed.

Risk Management Considerations

General liability insurance should be viewed as part of a broader risk management strategy.

Design firms should periodically review:

- GL policy limits
- Additional insured obligations
- Site visit activities
- Field operations exposures
- Premises risks
- Coordination with professional liability coverage

Conclusion

Professional liability insurance remains the cornerstone of risk management because it addresses the services that define the profession. However, it was never intended to address every risk a design firm faces. General liability insurance protects against bodily injury, property damage, premises liability, and operational risks unrelated to professional services. The most effective programs recognize that the two coverages are complementary. Together, they provide a more complete risk transfer strategy and help ensure that both professional and operational exposures are addressed.