Berkley
Construction Professional
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Claim Scenarios

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Think you don't need professional liability insurance? Think again.

These claims scenarios tell a different story.

Costly Consequences

A mechanical contractor underdesigned an HVAC system for a food processing facility. This led to worker illness and the inability of the facility to be utilized for its intended purpose. An outside engineer had to be retained to alter the HVAC system. Damages included lost profits from facility downtime, worker injuries, re-design costs and installation of new equipment. The total amount paid to resolve the claim was $350,000.

Mold Mishap

A construction manager hired and supervised a specialty contractor whose improper work caused mold during the renovation of two buildings at a nursing home facility. Unfortunately, the subcontractor did not have professional/pollution liability insurance which meant that the remediation costs were completely paid by the construction manager. The total amount paid to resolve the claim was $1.7 million.

Expansion Gone Wrong

A contractor was hired to complete the expansion of a port facility. The contractor hired subcontractors and failed to coordinate and schedule the trades correctly. The error in the contractor's scheduling of the subcontractors correctly caused delays and significant monetary damage. The total cost to remediate the situation and reimburse the owner for delay damages was approximately $1.4 million.

It's Not All It's Cracked Up to Be

A design-build contractor completed an apartment complex and the owner alleged that concrete cracking throughout the building and on numerous balconies severely impacted the owner's ability to rent the apartments. It was determined that the foundation design caused the cracking. Repairs had to be made and the owner also needed to be compensated for lost rental income. The total amount to resolve this claim was $1.2 million.

When it Rains, it Pours

A contractor drilled holes throughout the roof of a hotel while installing a cell phone tower. During a rain storm, a tarp failed to keep the rain out of the hotel. Water intrusion occurred at several locations within guestrooms, hallways and the main lobby causing microbial damage. The total amount paid to resolve the claim was nearly $1 million.

Measure Once, Check Twice

A design-build contractor placed foundation piles for a high-rise apartment building in incorrect locations due to an error by a land surveyor they hired. The surveyor was uninsured and had gone out of business. The design-builder needed to fund the settlement because there was no other insurance available. The remediation efforts involved removing all the existing piles and starting over. The total amount paid to resolve the claim was $600,000.

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At A Glance Claim Scenarios

Up in Smoke

A design-build contractor hired an engineer for a multi-building commercial office complex. The main tenant could not obtain a certificate of occupancy as the buildings failed their smoke tests due to the negligence of the engineer. Unfortunately, the design-build contractor permitted the design firm to include a limitation-of-liability clause in its contract which meant that the vast majority of the damages were paid by the design-build contractor. The total amount paid to resolve the claim was $550,000.

Ensure Subcontractors Know the Code

A general contractor subcontracted the installation of an HVAC system for an assisted living facility. The HVAC subcontractor submitted a value engineering alternative to the mechanical engineer who requested additional information before approving. The HVAC subcontractor did not provide the additional information and proceeded to order the equipment for the unapproved system. A routine inspection by a state agency found that the HVAC system did not meet code. The costs to resolve the claim was $850,000.

Cleaning Gone Wrong

A general contractor directed its flooring subcontractor to clean the project's tile floor as it had a cloudy film despite several prior cleaning attempts. The subcontractor utilized a caustic substance that caused corrosion to metal furniture and HVAC system components. The owner demanded these items be replaced. Unfortunately, the general contractor's contract with the subcontractor only required general liability insurance which excluded the claim based upon the pollution exclusion, leaving the general contractor to pay for the damages. The total amount paid to resolve the matter was $160,000.

Penny Wise, Pound Foolish

A contractor designed a roof system for a specialized manufacturing facility and then subcontracted the construction to a specialty roofing contractor. After the facility was completed there were major issues with the roof system. The roofing product manufacturer declined the warranty due to the fact that it was installed without a vapor barrier. It was discovered that the contractor's in-house designer changed the roof system to one without a vapor barrier due to budget issues. The designer didn't conduct any due diligence that would have shown the new system was not appropriate for this facility. The contractor was responsible for the costs of a new roofing system. The total amount paid to resolve the claim was $750,000.

Design Done Wrong

A general contractor was hired to build a new home and its CAD operator designed the home with a structural flaw that caused the roof to collapse during construction resulting in significant property damage and injury to workers on the site. The total amount paid to resolve this claim was $375,000.

Choose Your Partners Carefully

The owner of a new senior citizen living facility discovered mold shortly after construction was completed due to incorrectly installed HVAC ducts. They immediately began to remediate the affected areas and sought reimbursement from the policyholder. The primary causes of the mold were negligent design by the mechanical engineer and improper installation by the HVAC subcontractor. The policyholder – the general contractor – was also included in the claim due to the potential inadequacy of the engineer's and HVAC subcontractor's professional liability insurance policies. The total amount paid to resolve the claim was $1.5 million including the policyholder's six figure deductible.

New Kid in Town

An out-of-state contractor's superintendent oversaw the subcontractor's installation of underlayment on several floors of a hotel during winter. During a site inspection mold was discovered on most of the newly installed drywall. The contractor's superintendent was not familiar with the local climate and the need for dehumidification. Local law required a licensed mold remediation contractor to complete the repairs which cost approximately $1.3 million.

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Dangerous Demolition Debris

A contractor was hired to demolish an old building to make way for a new development. During the demolition process, hazardous materials were released into the air causing environmental damage and health risks to the surrounding area. The total amount paid to remediate and monitor the health of potentially affected individuals was more than $850,000.

Missed Code Costs Money

A subcontractor failed to comply with local building codes relating to the design of the electrical system in a commercial project which was discovered by the inspector and resulted in the delayed completion of the project. The client filed a lawsuit for negligence and financial damages due to the code violation. The total amount paid to resolve this claim was $480,000.

About Berkley Construction Professional

Berkley Construction Professional provides professional liability, pollution liability, and protective professional indemnity insurance for contractors and construction project owners. Focused exclusively on the construction industry, we deliver customized insurance solutions for complex risks through deep industry expertise, experienced underwriting, and responsive service. Our brokers value our collaborative approach and specialized knowledge, while policyholders benefit from industry-specific risk management resources, dedicated in-house claims professionals, and the peace of mind that comes from working with a financially sound insurer dedicated to protecting their business, reputation, and long-term success.

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Contact us

Ed Sheiffele
Executive Vice President
esheiffele@berkleycp.com
973.775.7492

Dennis Baez
Senior Vice President
dbaez@berkleycp.com
347.813.1074

Peter Brooks
Senior Vice President
pbrooks@berkleycp.com
720.360.7500

Chris McQueen
Senior Vice President
cmcqueen@berkleycp.com
770.910.1015

David Pacifici
Senior Vice President
dpacifici@berkleycp.com
818.291.6231

Colleen Kennedy
Vice President
ckennedy@berkleycp.com
267.532.6346

Sean Brown
Assistant Vice President
sebrown@berkleycp.com
973.775.3368

Annie Buelow
Assistant Vice President
abuelow@berkleycp.com
312.705.1128

Ashley Harrell
Assistant Vice President
aharrell@berkleycp.com
312.340.3458

Courtney Preston
Assistant Vice President
cpreston@berkleycp.com
770.910.1020

Lauren Taylor
Assistant Vice President
lataylor@berkleycp.com
212.822.3396

Matthew Daniel
Underwriter
mdaniel@berkleycp.com
478.832.5517

Vaishali Desai
Underwriter
vdesai@berkleycp.com
770.910.1026

Graham Horrigan
Underwriter
ghorrigan@berkleycp.com
831.293.6242

Nick Johnston
Underwriter
njohnston@berkleycp.com
973.775.3374

Joe Shields
Assistant Vice President
Director of Construction Risk Management
jshields@berkleycp.com
724.940.2521

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Berkley Construction Professional
412 Mt. Kemble Avenue | Suite G50
Morristown, NJ 07960
berkleycp.com

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