



## Environmental Risk Bulletin

# Professional Liability exposures & mitigation measures for general contractors

As a project manager for a reputable general contractor, you know that even well run projects can veer off course. Disputes with owners, architects, engineers, or subcontractors can arise quickly - and often at the worst possible time. More concerning is the discovery of a critical issue that slipped through earlier phases, one that now threatens your schedule, budget, and overall company profitability. These are the situations where professional liability risks become real - and where preparation and documentation can make all the difference.

This risk bulletin outlines general contractor management exposures that can result in project-specific professional liability from errors & omissions or inadequate oversight. Corresponding mitigation measures and a companion risk mitigation checklist are also included.

These factors may contribute to causation, negligence damages, and liability cost-sharing during professional liability and other claims if not adequately addressed. Documentation of management controls is often a critical factor when evaluating potential breach of duty claims and demonstrating standard of care.

### 1. Design coordination failures

- Large projects often involve multiple architects, engineers, and specialty consultants. Misalignment between drawings (e.g., structural vs. mechanical, electrical, and plumbing) can lead to costly rework and claims.
- **Mitigation: Implement rigorous design review protocols, clash detection using Building Information Modeling (BIM), and formal design coordination meetings with documented resolutions.**

### 2. Inadequate scope definition or change management

- Ambiguous scopes or poorly tracked changes can trigger disputes over cost, schedule, and responsibility.
- **Mitigation: Use detailed scopes of work, a Request for Information (RIF) process, standardized change-orders, and require written authorization before proceeding with any modifications.**

### 3. Construction defects (workmanship or material issues)

- Errors in installation, improper supervision, or use of non-conforming materials can lead to structural failures or performance issues.
- **Mitigation: Enforce quality control plans, conduct regular inspections, require submittals and mock-ups, and maintain strict vendor/material verification processes.**

### 4. Scheduling errors or delays

- Poor sequencing, unrealistic timelines, or failure to account for long-lead items can cause cascading delays and liquidated damages.
- **Mitigation: Use robust scheduling software, update schedules frequently, track critical path items, and maintain transparent communication with all trades.**

### 5. Subcontractor performance issues

- A GC is often held responsible for subcontractors' mistakes, even when caused by poor workmanship or missed deadlines.
- **Mitigation: Prequalify subcontractors, use performance metrics, enforce contractual quality standards, and maintain strong on-site supervision.**

### 6. Documentation and recordkeeping gaps

- Missing RFIs, daily reports, meeting minutes, or inspection logs weaken a GC's position in disputes and legal defense.
- **Mitigation: Use centralized project management platforms, enforce documentation standards, and train staff on consistent record-keeping practices.**

### 7. Code compliance and regulatory oversights

- Failure to meet building codes, public access requirements, or inspection standards can result in stop-work orders or liability claims.
- **Mitigation: Assign code-compliance specialists, conduct internal audits, and maintain close coordination with authorities having jurisdiction (AHJs).**

### 8. Improper delegation of design responsibility

- Design-assist or design-build elements can blur the line between contractor and designer, increasing exposure to professional liability.
- **Mitigation: Clearly define design responsibilities in contracts, document field change orders, require professional seals where appropriate, and obtain professional liability coverage for design services.**

### 9. Communication breakdowns

- Miscommunication between the owner, design team, and trades can lead to misunderstandings, errors, and claims.
- **Mitigation: Establish structured communication channels, hold regular coordination meetings, and document all decisions and directives.**

### 10. Contractual risk transfer failures

- Poorly drafted contracts may leave the GC exposed to risks that should be allocated to subcontractors, suppliers, or designers.
- **Mitigation: Use standardized contract forms, involve legal counsel for review, and ensure indemnity, insurance, and warranty provisions are clearly defined.**

Use robust scheduling software, update schedules frequently, track critical path items, and maintain transparent communication with all trades.

### 11. Insufficient Testing and Inspection

- Failure to verify that systems (HVAC, fire protection, electrical) perform as intended can lead to operational failures and liability.
- **Mitigation: Address rolling punch list items, implement commissioning plans, require third-party testing, and maintain detailed inspection logs.**

### 12. Safety Oversights Leading to Professional Claims

- While safety incidents are often covered under other policies, poor safety planning can still trigger professional liability claims tied to supervision or site management.
- **Mitigation: Maintain a site-specific safety plan, conduct toolbox talks, and enforce regulatory compliance through regular audits.**

### 13. Inadequate Insurance or Risk Management

- Large projects require specialized coverage; gaps can leave the GC exposed to multimillion-dollar claims.
- **Mitigation: Secure appropriate professional liability, builders risk, pollution liability, and subcontractor default insurance (SDI), and review coverage annually.**

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# Professional Liability Risk-Mitigation Checklist for General Contractors

## 1. Design Coordination & Preconstruction

- Conduct full BIM clash detection (architectural, structural, MEP) before mobilization.
- Verify all consultant drawings are at the same issue level and fully coordinated.
- Hold recurring design coordination meetings with documented action items.
- Confirm delegated design scopes (e.g., curtain wall, fire protection, elevators) are clearly defined.
- Review geotechnical reports and ensure foundation design aligns with site conditions.

## 2. Contractual & Scope Clarity

- Ensure scopes of work for all trades are complete, non-overlapping, and unambiguous.
- Confirm all owner requirements (LEED, commissioning, special inspections) are incorporated.
- Review indemnity, warranty, and insurance requirements with legal counsel.
- Establish a formal change-order workflow with required documentation and approvals.

## 3. Quality Control & Workmanship

- Implement a project-specific Quality Management Plan (QMP).
- Require submittals, shop drawings, and mock-ups for all critical systems.
- Conduct regular QC inspections and maintain photographic documentation.
- Verify material compliance with specifications before installation.
- Track non-conformance reports (NCRs) and corrective actions.

## 4. Scheduling & Logistics

- Develop a detailed CPM schedule with critical path clearly identified.
- Track long-lead items (elevators, curtain wall, switchgear) with procurement logs.
- Maintain a site logistics plan (crane swing, hoist usage, laydown areas).
- Update schedule monthly and communicate impacts to all stakeholders.

## 5. Subcontractor Management

- Prequalify subcontractors for financial stability, safety record, and past performance.
- Hold kickoff meetings to review scope, schedule, and quality expectations.
- Monitor manpower levels and productivity against plan.
- Enforce contract requirements for supervision, safety, and documentation.

## 6. Documentation & Communication

- Maintain daily reports, meeting minutes, RFIs, submittals, and logs in a centralized platform.
- Document all owner directives and design clarifications in writing.
- Track RFI trends to identify systemic design issues early.
- Ensure all field changes are captured in as-built drawings.

## 7. Code compliance & inspections

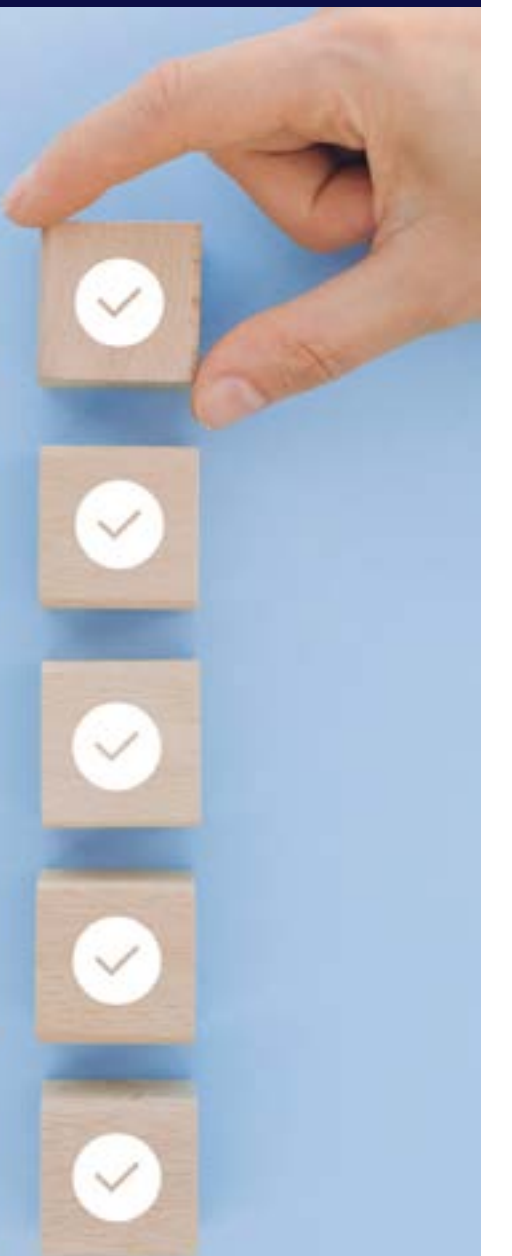
- Verify compliance with IBC, local amendments, access codes, fire codes, and energy codes.
- Coordinate with AHJs for required inspections and approvals.
- Track special inspections (structural steel, concrete, fireproofing) per IBC.
- Maintain a log of inspection results and corrective actions.

## 8. Delegated design & engineering oversight

- Confirm all delegated design elements have sealed engineering documents.
- Review shop drawings for conformance with design intent.
- Ensure structural and MEP engineers review and approve delegated design packages.
- Track revisions to ensure field installation matches approved documents.



Secure appropriate professional liability, builders risk, pollution liability, and subcontractor default insurance (SDI), and review coverage annually.



Enforce quality control plans, conduct regular inspections, require submittals and mock-ups, and maintain strict vendor/material verification processes.



## 9. Testing, commissioning & system verification

- Implement a commissioning plan for HVAC, electrical, life safety, and specialty systems.
- Schedule testing and balancing (TAB), fire alarm testing, elevator inspections, etc.
- Maintain logs of all test results and deficiencies.
- Verify O&M manuals and training sessions are completed before turnover.

## 10. Safety & site management

- Maintain a site-specific safety plan and enforce OSHA compliance.
- Conduct daily toolbox talks and weekly safety audits.
- Document all incidents, near misses, and corrective actions.
- Coordinate crane operations, hoist usage, and fall-protection systems.

## 11. Insurance & risk transfer

- Confirm professional liability, builders risk, pollution liability, and SDI coverage.
- Verify subcontractor insurance certificates and endorsements.
- Track expiration dates and ensure continuous coverage.
- Review claims history and implement lessons learned.

## 12. Project closeout & turnover

- Ensure punch lists are tracked and resolved promptly.
- Verify all warranties, attic stock, and O&M documentation are complete.
- Confirm commissioning reports and test results are accepted by the owner.

- Deliver final as-built drawings and closeout packages.

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