A Lapse in Judgment—and Insurance
A contractor subcontracted the design of a ventilation system to a mechanical engineer. The engineer miscalculated the cooling needs of the building and specified an inadequate ventilation system. Because of the system’s poor performance, the building owner demanded $180,000 to replace it. At the time of the claim, the mechanical engineer had let his E&O policy lapse. Therefore, the contractor was held liable for replacing the system.

Exhausted Limits Leave Contractor Responsible
A contractor retained an architect for a school project who provided a certificate of insurance showing a $3 million limit of liability. During construction, a design defect was discovered that delayed the project for several months. The school district was forced to rent portable classrooms and filed for substantial damages against the contractor. Although the contractor tried to pass the claim on to the architect, his $3 million limit had already been exhausted on other claims, leaving the contractor liable for the damages.

GC/CM Held Responsible for Site Safety
A worker was seriously injured during construction by a collapsing wall. In his lawsuit, he alleged that the general contractor/construction manager was negligent for failing to provide for safety precautions. The courts agreed and held that the general contractor/construction manager was responsible for inspecting continuously or supervising the work of the sub-contractors, including the right to require compliance with safety. The case settled for over $250,000.

Design Error Produces Cost Overrun
A contractor made a cost estimate of $2 million for a warehouse project. After it was built, the loading platform was found to be inadequate to meet the stated needs of the warehouse, the project cost rose to $2.5 million. The contractor was held liable for the $500,000 difference for negligent design of the loading platform.

Paying for Others’ Mistakes
A contractor was performing design, construction and construction management services for a five-story motel project. The masonry contractor placed hollow concrete blocks without proper rebar reinforcement as specified in the plans. The owner discovered the improper construction and demanded the structure, now at the second floor, be torn down and rebuilt according to the specs. The masonry subcontractor was not able to pay the $1 million reconstruction costs, leaving the general contractor/construction manager responsible to pay.

For more information about professional liability for contractors, please visit our website, www.PlanetContractor.com.