

COVERAGE APPLICATION

Construction firms engaged in the process of fabrication or manufacturing possess a variety of professional liability exposures. A well-placed Contractor's Professional Liability policy can help address professional exposures associated with the development, engineering and/or management of a construction project. However, some Contractor's Professional Liability policies apply exclusionary language towards claims arising out of the design and/or manufacture of goods and products. As pre-fabrication becomes more commonplace in the construction industry, contractors may face elevated exposures associated with their manufacturing and fabrication services.

Manufacturer Professional Liability coverage serves as an additional risk transfer mechanism for contractors engaging in fabrication or manufacturing and is intended to cover claims from third parties alleging negligence in manufacturing professional services performed by the named insured.

In addition to serving as a beneficial supplement to a standard Contractor's Professional Liability policy, Manufacturer Professional Liability coverage can augment the products liability coverage provided by the Named Insured's General Liability policy by addressing the potential for economic damages caused by professional negligence, which may not be covered under a typical General Liability policy.

POLICY FORM

Manufacturer Professional Liability is typically provided on a claims made and reported policy form and is usually written as a stand-alone policy. Annually renewable policies are most common but many carriers can also typically offer project or contract-specific policies.

PROGRAM OVERVIEW

- Manufacturer Professional Liability coverage can be tailored to apply to a wide range of activities performed by the named insured in connection with their products, such as design, consultancy, labeling and manufacturing.
- Provides coverage for defense costs incurred in the defense of a third party claim. Defense costs will typically erode policy limits.
- Manufacturer Professional Liability can be offered alongside a Contractor's Professional liability program to bolster protection from products-driven professional liability exposures that may not be covered by a Contractor's Professional Liability Policy.
- Coverage applies only to Economic Damages to third parties and typically excludes losses caused by Bodily Injury and Property Damage.
- Coverage typically applies to products and components manufactured by the named insured.
- Manufacturer Professional Liability excludes first party costs borne by the Named Insured for the replacement, repair or inspection of their manufactured products.

POLICY TERM

Annual (12 month) terms are standard, with some carriers offering up to 18 month policy terms. Optional ERPs are typically limited to 3 years.

CONTACT

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Or contact your local RT Specialty broker or underwriter.

MARKET OVERVIEW

There are relatively few carriers willing to offer stand alone Manufacturer Professional Liability for manufacturers specializing in construction components. Appetite varies from carrier to carrier and the vast majority of carriers offer terms on a non-admitted basis. Some markets will offer combined Manufacturer & Contractor's Professional Liability coverage forms.

LIMITS OF LIABILITY

Limits of \$10,000,000 per claim/aggregate are readily obtainable from a single carrier.

RETENTIONS

\$20,000 minimum, typically structured as an Self Insured Retention (SIR).

PREMIUMS

Typically, premiums begin around \$15,000 plus taxes and fees for a \$1,000,000 per claim/aggregate limit and a \$20,000 SIR.

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