

# Claim Flowchart: GL or PL?

A visual decision tree to help contractors determine if General Liability or Professional Liability will respond to a specific construction failure.

## START: A CONSTRUCTION FAILURE OCCURS

(e.g., Wall collapses, water leak, massive project delay)



### STEP 1: Does the claim involve physical property damage or third-party bodily injury?

**NO** (Something other than physical property damage or bodily injury)

**Pure financial/economic loss ONLY** (e.g., project delay, lost rent, extended financing)

#### Professional Liability (PL)

Standard CGL explicitly excludes pure economic loss without tangible physical damage.

**A design or engineering error discovered BEFORE it causes a failure or lawsuit**

#### Rectification & Mitigation (CPrL)

A first-party endorsement that pays you directly to fix the mistake proactively.

**YES** (Physical property damage or injury has occurred)

### STEP 2: What was the root cause of the physical damage or injury?

**An error in professional judgment, design, BIM coordination, or value engineering**

#### Professional Liability (PL)

Standard CGL denies coverage for physical failures tied to design via the "Professional Services" exclusion.\*

**A physical jobsite accident or a physical labor mistake**

### STEP 3: Is the claim strictly for the cost to tear out and fix your *own* faulty physical workmanship?

— YES (e.g., A crew simply built a wall out of plumb, requiring a tear-down)

#### Contractors Errors & Omissions

CGL denies this via the "Your Work" exclusion. You need this specific CPrL bundle endorsement to cover physical labor fixes.\*\*

— NO (The site accident caused resulting damage to third-party property or injured someone)

#### General Liability (CGL)

CGL is triggered by an occurrence, covering active site accidents (Premises-Operations) or completed operations.

*\*Note: If you have a CG 22 80 endorsement on your CGL, it may restore coverage for bodily injury or resulting physical damage caused by your own design work, but it still will not cover project delays or the cost to fix the mistake itself.*

*\*\*Note: Under a standard CGL policy, the "Your Work" exclusion contains a Subcontractor Exception. If the faulty physical workmanship was performed by a subcontractor rather than your own employees, CGL may cover the damage to that work, provided your policy does not include an endorsement (such as CG 22 94) that removes this exception.*

### Terminology Warning: The Modern CPrL Bundle

In construction, "Professional Liability" and "Errors & Omissions" are not interchangeable. They cover distinctly different parts of a project failure. A modern Contractors Professional Liability (CPrL) bundle includes:

- **Professional Liability (Core):** Covers mistakes in professional services (design, scheduling, management) that result in pure financial loss, third-party damage, or bodily injury.
- **Contractors Errors & Omissions (E&O):** Covers the physical cost to repair or replace your own faulty physical workmanship.
- **Rectification & Mitigation:** Proactive first-party coverage paying the direct costs to repair bad work caused by professional errors, discovered *before* a formal lawsuit is filed.

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