

A view of constructors and designers' professional liability amid a hardening insurance market and COVID – Q2 2021

The COVID-19 pandemic has created sustained economic uncertainty in both the construction and global insurance industries. And professional liability coverage for constructors and designers has indeed been swept up in this insecurity.

While the pandemic did not lead to direct claims involving professional liability, its effects were certainly felt.

Many construction projects were delayed causing the need for project policy extensions.

Those extensions proved to be difficult and costly on account of the hardening market, insurance carriers leaving the space or decreasing appetite since the project policy was bound, and a lack of clarity within the insuring agreement addressing extensions.



The past 18 months have also evidenced a significant increase in claim activity, but a simultaneous lack of resolution to most pending matters due to courthouse restrictions, trial delays, and arbitration continuances.

The uncertainty created by this litigation dynamic has reverberated into the insurance marketplace generating increased scrutiny of the insured's claims, sizeable growth in the insurer's reserves, and eventually, an escalation of pricing when the insured's annual program is renewed.

Unfortunately, we do not foresee this instability resolving in the near term.



Please [click here](#) to access *North America Mid-Year Market Overview for Design and Construction Professional Liability Q2 2021*.

If you'd like to discuss any of the issues raised in this article, please contact **Michael Earp**.