

Professional Services Exclusion in General Liability Policies Bars Coverage

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The Wisconsin Supreme Court has held that the professional services exclusion in excess general liability policies issued to a general contractor precluded coverage for allegations of faulty advice by a soils engineer who was covered under the policies at issue. *Am. Family Mut. Ins. Co. v. Am. Girl, Inc.*, 2004 WL 42252 (Wis. Jan. 9, 2004).

The insured general contractor hired a soils engineer as a subcontractor to provide advice on site preparation for a construction project. As a result of allegedly inadequate advice by the subcontractor, the building that the insured erected on the site settled and was eventually torn down. The excess general liability policies at issue, which also covered the subcontractor, precluded coverage for "any liability arising out of the rendering of or failure to render professional services in the conduct of your business or profession." The Wisconsin Supreme Court reasoned that this language therefore barred coverage for liability allegedly arising from the subcontractor's professional services. In so holding, the Court distinguished a decision in which a Wisconsin appellate court had refused to apply a professional services exclusion to a homebuilder on the grounds that it was not possible to distinguish between the design and manufacturing components of the homebuilder's activities. Here, by contrast, the Court reasoned all of the alleged liability was a result of the provision of professional soil engineering services.

For more information, please contact us at 202.719.7130.