

Lawsuit Alleging Defective Architectural Design Barred by “Professional Services” Exclusion

November 2013

Applying Louisiana law, a federal district court has held that, where an underlying complaint alleges injury exclusively arising from defective architectural design, a professional services exclusion bars coverage. *Wisznia Co. v. Gen. Star Indem. Co.*, Civ. A. No. 11-2657 (E.D. La. Sept. 27, 2013).

The insured architectural firm entered an agreement to design a performing arts center for a Louisiana parish. The parish filed suit against the insured, alleging injury arising from the firm's “breach of its contractual warranty, negligence, and lack of professional skill” After the insured tendered the claim to its commercial general liability insurer, the insurer disclaimed coverage, citing a professional services exclusion. The exclusion provided, in pertinent part, that there was no coverage for injuries “arising out of the rendering of or failure to render any professional services” The policy's definition of “professional services” included “[t]he preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, field orders, change orders or drawings, and specifications.”

In the coverage litigation that followed, the court held that the professional services exclusion precluded coverage for the underlying claim. The court noted that the parish made six specific allegations, accusing the insured of “[d]esigning and preparing a defective set of plans,” “[f]ailing to coordinate the design,” and “[u]nder-designing the project.” The court held that, because “each of these . . . allegations involved the failure to render professional services” and there was not “even the slightest accusation of non-professional misconduct,” the insurer did not have a duty to defend the policyholder.