

CONSTRUCTION BLOG

# Construction Professionals Beware: Does Your Insurance Policy Cover Construction-Defect Claims?

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A recent Missouri Court of Appeals held that commercial general liability insurance does not provide coverage against certain construction-defect claims. In *View Home Owners Association v. The Burlington Insurance Company*, the court was presented with the question of whether the commercial general liability policy at issue provided coverage for negligent acts allegedly committed during the re-development of a blighted building into condominium units.

The Missouri Court of Appeals sided with the insurance company and determined that the insurer had no duty to pay for the judgment entered against the policy holder, nor did the insurer have a duty to pay for the defense costs (i.e. attorney's fees). In reaching its conclusion, the court explained that the claims merely involved allegations of poor workmanship, which this particular insurance policy did not cover.

This is an important lesson for all construction professionals. Take the time to read and understand your insurance policy. As a general rule, insurance policies are not designed to serve as a performance bond or a general warranty on the quality of workmanship. However, not all policies are the same. Knowing what your insurance policy covers will help avoid exposing your business to unforeseeable liabilities and defense costs.

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