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Real Estate Developers Claim Scenarios

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Think you don't need professional liability insurance? Think again.

These claims scenarios tell a different story.

Developers face rising professional liability claims from design flaws, contract disputes, delayed project timelines and regulatory missteps. Increased regulatory scrutiny and evolving client expectations are amplifying these risks. Proactive risk management and clear scopes of work are key to mitigating professional liability exposure in this dynamic sector. These claims scenarios can help developers avoid common risks.

Poor Drainage Predicament

A developer hired an architect as the prime consultant to design a hillside residential community. A civil engineer was retained by the architect to handle the civil scope. Months after construction, several retaining walls began to crack due to poor drainage planning. Homeowners filed claims for structural damage. The combined policies of the architect and engineer were insufficient to cover the loss, so the developer policy covered the balance. The total amount paid to resolve the claim was $450,000.

Lessons learned: Even when design work is outsourced, developers can be held liable for professional errors. Professional Liability insurance helps cover legal and repair costs.

Failed Fire Safety Inspection

A developer failed to coordinate fire safety system requirements between the residential and retail portions of a mixed-use building. The oversight led to a failed inspection, delayed occupancy permits and tenant lawsuits for lost income. The total amount paid to resolve the claim was $150,000.

Lessons learned: Ensure early coordination between residential and commercial code requirements. Engage fire safety consultants during the design phase and verify that all systems meet the most stringent applicable standards to avoid costly delays and tenant disputes.

ADA Non-Compliance Proves Costly

A walk-in clinic developer overlooked ADA compliance in the design phase. After opening, the clinic faced accessibility complaints and legal action from advocacy groups. The total amount paid to resolve the claim was $75,000.

Lessons learned: ADA compliance should be integrated into the design from day one. Use accessibility checklists and engage a certified accessibility consultant to review plans and site conditions to prevent legal exposure and costly retrofits.

Lab Lacking Cleanroom Specs

A developer delivered a biotech lab space that failed to meet specialized HVAC and cleanroom standards. The tenant's operations were disrupted, leading to a claim for lost research and revenue. The total amount paid to resolve the claim was $250,000.

Lessons learned: Understand the specialized needs of biotech tenants early in the design process. Collaborate with lab planners and technical consultants to ensure HVAC, cleanroom and compliance standards are met before construction begins.

Berkley Service Professionals

Berkley Service Professionals provides customized professional liability insurance solutions for miscellaneous professionals. We offer unparallel coverage for all types of risks and excel at writing complex accounts. We are a team of highly experienced insurance professionals who are passionate about providing the best service and coverage options for miscellaneous liability risks. Our experience enables us to understand the inherent professional liability exposures and risks for service professionals.

Berkley Service Professionals provides out-of-the-box thinking to create customized insurance solutions for real estate developers. Our team of skilled underwriters is dedicated to providing top-notch E&O coverage options. With a focus on delivering results, you can trust us to produce the best solutions for your clients.

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