NSPE Position Statement No. 10-0075—Professional Liability Insurance

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NSPE Contact: Committee on Policy and Advocacy  
Professional Policy Supported: 10-Professional Practice

Position Statement: It is the position of NSPE that professional liability insurance should be used to protect the interest of professional engineers in the course of their practice and that engineer employers should provide their employed engineers with appropriate written information describing the availability and extent of professional liability and other applicable insurance coverages. If the company does not carry professional liability insurance, it should disclose that fact in writing to its employed engineers. Additionally, NSPE recommends that organizations which employ engineers provide formal assurance through organizational policy that it will defend any suits or claims filed against individual engineers or the organization, past or present, in connection with their professional activities on behalf of the employer and will hold harmless individual engineers so involved.

Background:
NSPE understands that professional engineers, whether employed or self-employed, must make decisions about professional liability insurance. To make the decision-making process as easy and fully informed as possible NSPE participates in an annual survey of professional liability insurance carriers, including in-person interviews. These surveys and interviews are designed to identify emerging risk issues, monitor the condition of the market, and vet providers who wish to offer coverage to NSPE members.

NSPE believes that it should be the personal choice of the professional engineer to carry insurance, and NSPE opposes the adoption of laws or regulations requiring it.

It is improper and unethical for professional engineers to misrepresent to clients or potential clients the nature, scope, or extent of their professional liability insurance.

NSPE encourages individual employed engineers and their companies to work in harmony to minimize professional liability risk exposure consistent with good professional practice and sound business judgment.

Employers are encouraged to provide their professional staff with information and training related to risk management contract provisions and other loss prevention
mechanisms that address professional liability exposures that may be incurred by their employees within the scope of their employment.