

NSPE Position Statement No. 10-75—Professional Liability Insurance

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NSPE Contact: Board of Directors

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, they should disclose that fact in writing to their 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 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. Additionally, it is improper 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 indemnification and defense issues, as well as limitation of liability contract provisions and other mechanisms that address professional liability exposures that may be incurred by their employees within the scope of their employment. The specific training and communication may include the provision of information in employee handbooks, employment agreements, and, equally important, as part of periodic continuing education programs that include risk management seminars and other loss prevention programs.