

# Contractual Liability Exclusion Excised from E&O Policy for Professional Services Company

**Peter M. Gillon**, writing in Pillsbury's **Policyholder Pulse** blog, discusses an important decision in the world of professional liability (including D&O and E&O policies).

He explains that the Seventh Circuit recently held that a "contractual liability" exclusion—i.e., an exclusion for claims "based upon or arising out of ... breach of contract"—when inserted in a professional liability policy, that is, a policy intended to insure professionals for services they perform under contract, renders the coverage "illusory."

He adds that the court concluded that the exclusion as written eliminated all coverage under this professional liability policy for the very kinds of claims the policyholder sought to insure—on its face, not just as applied to the particular claim.

**Read the article.**