

GENERAL LIABILITY INSURANCE

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General Liability Insurance and Additional Insureds

General Liability is loosely defined as the “General” type of liability exposure that a business is subject to during its normal operation. These exposures can stem from your premises, your operations or your products/completed operations. General Liability Insurance is intended to cover these exposures. I thought it would be helpful to lay out what is covered and more importantly what is not covered by a General Liability Insurance policy as well as touching on Additional Insureds which is a common request from your customers.

The first point I will make is that very few policies, if any, are the same. They differ from carrier to carrier. Especially in your industry where very few insurance carriers have a product designed for Collateral Recovery.

General Liability insurance is intended to cover bodily injury and property damage claims arising from your operations and resulting from your negligence. It will also pay for defense costs which may accompany these claims. General Liability policies designed for Repossessors may also include coverage from *Wrongful Repossession*, which is a professional liability exposure. Wrongful Repossession is not a standard coverage it needs to be specifically added so make sure it is included.

Another part of General Liability insurance coverage is *Personal & Advertising Injury* which is intended to cover claims due to libel, slander and false arrest primarily.

I know this sounds like broad coverage but insurance carriers will then attach exclusions to policies limiting coverage. These include but are not limited to:

- Intentional Acts-Criminal Acts etc.
- Employment Practices-Wrongful Termination, Sexual Harassment, Discrimination
- Workers’ Compensation
- Automobile Pollution

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These are just a few-ask questions-remember very few policies are the same. Some of these exclusions can be insured through separate policies and some are uninsurable. Since every policy is different make sure you obtain a sample policy or a complete proposal from the carrier when comparing coverage.

The next issue is the *Additional Insured* endorsement. Additional Insured status gives another entity rights under your policy. This is the reason insurance carriers charge for these endorsements because it increases their exposure. Now not only does a carrier have to step up and defend or pay a claim for your company but they may need to do the same for your client using your policy limits. It is also the reason I suggest you do not provide this endorsement unless it is absolutely necessary. There is a difference between certificate holder and additional insured. If you are not sure if the lender requires the endorsement have your broker issue a standard certificate only without additional insured status you can always re-issue the certificate if necessary.

Additional insured status can work both ways. Why not ask a lender, a forwarder etc. to list your company as additional insured on their policy? Another example is if you ever sub contract out an assignment to another Repossessor, ask for the additional insured status on their policy. Same goes for a transport company etc. You get the idea-any chance you can transfer liability exposure to the responsible party or at least have their insurance policy contribute to a claim it is a good thing.

This is a very basic summary of General Liability Insurance and the Additional Insured endorsement but I hope it is helpful. I am always available to discuss any specific questions.

