

Commercial General Liability (CGL)

Formerly known as Comprehensive General Liability. In my opinion, every business requires Commercial General Liability insurance.

Usually we will hear from new businesses when they have their first Contractual Requirement to provide an Insurance Certificate with Commercial General Liability insurance.

This type of policy is designed to protect your business as your main operating liability insurance. There are four main coverage sections on the Commercial General Liability which are:

Section A - Bodily Injury and Property Damage Liability – This coverage protects you when you are found legally obligated for damages of property damage or bodily injury to a third party arising out of your negligence. This also covers your Employees actions within the scope of their work (please note Professional Liability is excluded and must be covered by an Errors & Omissions policy – refer to common exclusions in the wording)

For Example:

If you are responsible for snow removal at your premises and someone slips and falls because you failed to remove the snow. You could be found legally liable for the injured party's injuries. However, even if you are not responsible for the snow removal – you could still be named in a Slip & Fall suit and have to hire a lawyer to defend the suit for you.

If you are at a client's office and you knock over an expensive statue, you could be held responsible for the damage (Property Damage);

As with all insurance policy wordings, there are several exclusions contained within the wording, so it is important that you read the policy wording. Some of the exclusions are:

There is no cover punitive damages (where you are ordered to pay money as a form of punishment), intentional injuries or damage (to a person or their property), injuries or damage from the use of your automobile; injuries to employees or damage to their property and damage to property you own, rent or occupy.

Section B.- Personal Injury & Advertising Injury Liability – *This is only covered when there is a limit indicated on the policy declarations and in some cases, depending on the type of business you have, may not be available without a special policy.* This coverage deals with damage to a person's character, reputation and/or position in the community as a result of libel (in print) or slander (verbal defamation), or false arrest and is intended to protect you in the event you are accused of libel or slander.

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Section C. Medical Payments – This coverage is to provide for a third party’s minor medical expenses for an injury that occurred on your premises - regardless if you are negligent or not. In essence, the coverage is offered as a way to hopefully avoid a costly law suit. This does not cover injury to employees and if you have tenants in your building, it does not cover tenants injured within their own suite. Medical Payments Insurance *is only covered to a specifically stated limit indicated on the policy declarations.*

Section D. Tenant Legal Liability – Property in your Care, Custody or Control is excluded in the Bodily Injury / Property Damage section of the policy – and would be covered under this section of the policy. If you *unintentionally* cause property damage to workspace you rent or lease this coverage would respond for the space you occupy. Tenant’s Legal Liability *is only covered to a specifically stated limit indicated on the policy declarations.*

Section E. NON-OWNED AUTOMOBILE INSURANCE

Non-Owned Automobile Insurance coverage is liability coverage for a vehicle used on behalf of a company but is not owned by the company – when coverage *is specifically stated limit indicated on the policy declarations.*

The intention of coverage is for incidental situations where an employee will run an errand on behalf of the company such as going to the bank or picking up office supplies.

If the employee causes bodily injury or property damage while using his or her vehicle for company business, the company can be held liable for the damages in certain situations. For example, if the employee’s limits of liability are not adequate to pay the damages or there is no third party liability coverage in place or the employee’s insurer denies coverage due to the employee breaching the terms of the policy then the courts may look to the employer for damages.

One of the reasons the employee may be denied coverage from their personal insurer is the way their personal automobile is insured. Generally the employee who uses his/her vehicle to drive to and from work will have it insured for this purpose. The insurer rates the vehicle for this use and as such may deny the claim as the vehicle was engaged in business use which is generally excluded.

Non-Owned Automobile coverage can generally be purchased in conjunction with the Commercial General Liability policy. The purpose of the non-owned automobile coverage is **incidental business use by employees using their own vehicles** therefore, in certain businesses, the Insurance Company may refuse to offer the coverage due to the high exposure it may warrant. Examples of this are a restaurant offering delivery, a car dealership or service station or other business where driving is an integral part of the business and Commercial or Garage Automobile insurance should be carried.

For more information about a Commercial General /Non-Owned Automobile Liability policy, or for a quotation, please do not hesitate to “Collis”.