**General Liability Quote Overview:**

**What These Terms Mean**

**GENERAL AGGREGATE LIMIT** – Maximum amount the policy will pay for all covered losses in a given policy year. Example: There is an aggregate limit of $2,000,000. If an insured is sued three times during year and loses the first one for $1,000,000, the second for $800,000 and the third for $500,000, (Total $2,300,000) all would be fully paid, EXCEPT the last $300,000 of the third claim. Legal Defense Costs are usually paid IN ADDITION TO the liability limit.

**PRODUCTS AND COMPLETED OPERATIONS AGGREGATE LIMIT**– Sometimes this is lower than the General Aggregate limit, ex. $1,000,000. It applies only however to product liability and completed operations liability claim. **Claim** **example**: a MH buyer buys an MH from your insured. The insured dealer contracts out the installation. Two years later, a wiring defect causes the home to catch fire and kill all occupants. Your insured is sued for providing a defective product that led to bodily injury. Here, the policy would limit payment to $1,000,000

**PER OCCURRENCE LIMIT** – $1,000,000 is typical. Limits any one covered claim. **Example**, Betty falls off faulty rental home steps and has a spinal cord injury. The damages are $10,000,000. The policy will only pay $1,000,000 of the claim. Legal defense costs are usually paid in addition to the indemnification limit. If the policy says, “defense costs within the limit,” then legal defense costs are deducted from the per occurrence limit. This is more typical with E&O insurance and some surplus lines GL.

P**ERSONAL AND ADVERTISING INJURY LIMIT** – **example**. 1,000,000 limit. Applies only to claims arising from personal and advertising injury. “Advertising injury” applies to wrongful acts committed while advertising. “Personal injury” applies to employment practices of the insured – harassment, racism, wrongful termination, though these are almost always excluded by an Employment Practices exclusion form. So yes, the insurance company offered personal injury coverage and then took it all away with an exclusion

**Claim Example**: Jamie’s Baseball Bat Company advertises their bats are great to use as protection against pit bull attacks. Dawnelle buys one to protect herself from pit bull attacks, but then gets her left foot chewed off by a pit bull despite having hit it with the bat four times. Dawnelle sues Jamie’s Baseball Bat Company and wins a new bionic foot and $700,000.

**DAMAGE TO PREMISES RENTED TO YOU – USUALLY $100,000 LIMIT** – This coverage applies when the policy holder negligently damages a rented building. This coverage is added because without it, the general liability **exclusion for damage to property in your care, custody, or control coverage exclusion** would deny all such claims. The limit is small to encourage building owners to insure their building themselves and not rely upon this liability coverage extension to tenants. **Example**: Karie stays late at work and leaves a smoldering cigarette in her waste basket. After she leaves, it flames up and does $200,000 of fire damage to the building rented to Mobile. The policy would pay $100,000

**MEDICAL EXPENSES LIMIT – USUALLY $5,000 LIMIT** – This coverage applies only to on premises bodily injury and bodily injury related to the insured’s operations. It’s paid without regard to legal liability (no fault coverage) and may extend to walkways and roadways next to the insured’s premises (ex. Sidewalk next to building owned by the city). **An example** is a tenant slipping and falling on the insured premises simply because the tenant was clumsy or unsteady. The tenant cut their knee open and incurred a $1,000 emergency room bill for the stitches required to close the wound. This coverage is included to offer some money to injured premises visitors versus risking the expense of having to pay for a costly legal defense. Only medical expenses are covered – no pain, suffering, disfigurement etc. Note that if the tenant sued claiming negligence (a poorly maintained road/sidewalk/floor etc), then the full General Liability per occurrence limit would apply.

*Side note*: “residents” are excluded from coverage at their particular residence (ex. On their own rented mobile home lot). Coverage is also excluded for injuries incurred during athletic events and those suffered by contractors or employees too.

**KEYS TO TRIGGERING GENERAL LIABILITY INSURANCE COVERAGE:**

 Claimant must allege:

1. bodily injury or Property damage
2. negligence by the insured (an accident/occurrence)
3. not an Excluded Cause of Loss (ex. Employee injury, Auto/boat/airplane Injury, intentional Act, Employment Practices, Pollution, …)

 Note – Allegations by the claimant, not the actual facts, determine coverage

**Examples of General Liability Excluded Claims:**

1. Warranty related claims (no accident)
2. Contractual disputes (intentional, no accident, no bodily injury or property damage)
3. Tenant eviction related claims (no accident, bodily injury or property damage)
4. The insured has no legal liability for the loss/injury

Ex. Kurt gets hurt falling down the steps at Joe’s Bar. Joe has no money and no insurance. So Kurt sues Gloria because she’s really rich and lived two doors down. Gloria wins because she didn’t own or operate Joe’s Bar - she had no legal duty to upkeep the steps at Joe’s.

**FINAL NOTE:** To trigger a legal defense owed by a general liability insurance policy, the plaintiff /claimant only needs to allege one covered cause of loss. So if an insured is sued for 20 different reasons and 1 of those may be covered, then the insurance company will offer a fully paid legal defense.