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Commercial Liability Endorsements

When the standard commercial liability policy was named the Comprehensive General Liability, it was not uncommon to add several endorsements to amend and broaden the coverage. These endorsements included Employees as Additional Insureds, Contingent Employers Liability, Broad Form Property Damage and others. In fact, some insurers would "bundle" the "frills" into a 10 pack or 6 pack liability extension endorsement.

The newer and now the most frequently used Commercial General Liability included most of these "add-ons" into the basic wording. Great idea and certainly helps to eliminate an oversight by a broker.

Of particular interest is the **Broad Form Property Damage Endorsement**. This endorsement was one of the previous add-ons that are now incorporated into the Commercial General Liability Policy. This endorsement or coverage modifies the care, custody and control situation with regard to the work being performed by a contractor. Without this endorsement or coverage, it is possible that the entire area or component being worked upon could be excluded if a contractor was doing some servicing, repairing or installation. By adding this coverage (which as mentioned is now included in the newer form), only the **actual item or component that is being installed or serviced** is excluded and therefore the balance of the premise would be covered if the contractor negligently caused a loss. An example would be an electrical contractor hired to replace or repair an electrical switch. If while doing the work, the contractor causes a loss, part or all of the balance of the premise may be excluded. When the Broad Form PD Coverage is included, **only the actual switch being serviced or installed would be excluded** and therefore the balance of the premises would be covered.

But what if the loss occurs as a result of the insured's product delivered to the insured or work performed after the work was completed? In other words, how can the Products and Completed Operations Coverage be broadened. There are two endorsements that can address this situation but are overlooked and very rarely used. The first is the **Broad Form Completed Operations Extension**. The basic policy by exclusion "j" excludes property damage to "the Named Insured's work" arising out of such work or any part of such work ...By adding this endorsement this exclusion is amended to exclude that particular part of "the Named Insured's **work**" out of which an occurrence arises due to the "Named Insured's work" having been incorrectly performed on it. A similar endorsement the **Broad Form Products Extension** also amends the products exclusion (i) to apply also to only "that particular part of " the Named Insured's **product**" out of which an occurrence arises".

If an insured was servicing or replacing components of machinery, equipment or premises and a loss occurred as a result of the product or work performed after the job was completed, this extension would limit the exclusion to only that particular area or product that was serviced. This could be a very important endorsement to electrical, mechanical contractors, service related contractors and any risk that services or repairs property of others. As an example, a replaced electrical component that is later found defective and results in the loss of a \$100,000 piece of

machinery would limit the exclusion to the faulty component only and not exclude the balance of the damage if these endorsements were attached. The defective component may only be worth a few dollars while the \$100,000 machine would be covered along with any down time.

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