UNDERSTANDING COMMERCIAL GENERAL LIABILITY COVERAGE

Commercial General Liability insurance, or CGL, is coverage that will protect your business in the event that you are sued. CGL coverage is designed to protect against claims bodily injury or property damage. For example, a CGL claim could arise if a customer is injured at your place of business or an employee damages property at a client's place of business.

Without a commercial general liability insurance policy, your business is vulnerable to lawsuits that could have a devastating impact on your business. As our society becomes more and more litigious, it is important to protect your business with liability insurance.

There are four main types of coverage included in a standard Commercial General Liability (CGL) policy: Bodily Injury and Property Damage Liability, Personal Injury Liability, Medical Payments, and Tenants’ Legal Liability (for those that rent or lease their workspace). Allow us to offer a brief explanation of the function and importance of each of these coverages.

A. Bodily Injury and Property Damage Liability
If your company, your product, your work, your employees, or anything else associated with your business causes physical injury to someone like a client, or damages their property or belongings, you could be held legally responsible. If you are held legally responsible you may be required to pay compensatory damages. Compensatory damages are damages designed to compensate the victim of a loss and return things back the way they were (financially) prior to the injury or damage.

What’s not included?
A few of the most common exclusions under the Bodily Injury and Property Damage Liability portion of your CGL policy include: punitive damages (where you’re ordered to pay money as a form of punishment); intentional injuries or damage (to a person or their property); injuries or damages resulting from the use of your commercial automobile; injuries to employees or damage to their property; and damage to property you own, rent or occupy.

B. Personal Injury Liability
The phrase ‘personal injury’ can be confusing because the insurance definition is quite different than the everyday application of the phrase. While most people associate ‘personal injury’ with physical injury this is not the case within a CGL policy. In a CGL policy, ‘personal injury’ means the damage of a person’s character, reputation and position in the community as a result of libel (in print) or slander (verbal defamation). A liability policy is designed to protect you if you’re accused of libel or slander, not the other way around.

What’s not included?
Typical exclusions include statements known to be untrue when said, as well as damage caused by offences that are illegal or go against ordinances and by-laws.
C. Medical Payments
The purpose of this portion of your CGL policy is to provide coverage that pays someone’s minor medical expenses resulting from an accident that happens at your company’s premises or as a result of your company’s operations. Even though you may never be held legally liable for the accident, this coverage is often used as a way to avoid a costly lawsuit.

What’s not included?
This coverage typically excludes everyone that’s also “excluded” from coverage under the Bodily Injury & Property Damage section of the policy. In addition, casual workers and tenants who injure themselves in their own unit are also excluded.

D. Tenants’ Legal Liability (for those who rent or lease their workspace)
Suppose you don’t own the space where you’ve set up your office, shop or retail space. If you are held legally responsible for causing a fire, explosion, smoke damage, or other damage caused by fire protection (like sprinklers going off) then this coverage will pay the compensatory damages incurred. This applies only to damages of the rented premises – not the property (i.e. product, inventory etc.) that you may personally own.

What’s not included?
Obviously, intentionally trying to destroy property is not covered.

OSOT Commercial General Liability Program Coverages

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<thead>
<tr>
<th>Limits Excluding Products:</th>
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<tr>
<td>Aggregate Limit</td>
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<td>Tenants’ Legal Liability</td>
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<td>Premium Including Taxes</td>
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Coverage Extensions:
- Advertising Liability
- Blanket Contractual Liability
- Broad Form Property Damage
- Cross Liability Clause
- Employees Added As Additional Insureds
- Personal Injury
- Voluntary Property Damage

For More Information:

Visit www.LMS.CA/OSOT

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