

COMMERCIAL DIVISION FREQUENTLY ASKED QUESTIONS

Q – What does business / office General Liability insurance cover?

A – General Liability insurance is only responsible for a third party's losses. Your person and your property are unprotected, but liability insurance does protect you from personally being held responsible for the third party's loss as long as the type of loss is part of the policy coverage.

Q – What does an 'Additional Insured' mean on a General Liability insurance policy?

A - You are the insured. Your landlord or partner or banker may request to be the additional insured. They must have a liability interest with whatever it is you are insuring. NOTE: there is usually an additional premium charged to add an additional insured.

Q – When might I need liquor liability insurance?

A - If you are selling, serving or manufacturing alcohol, you need to either have liquor liability coverage ADDED to your existing general liability policy (if possible) or it can be purchased on its own.

Q – What is a Surety bond?

A – A surety bond is a straightforward three-way agreement with a surety company guaranteeing that an individual or company (the bond principal) will do exactly what it commits to its customer (the obligee). The principal will pay a premium (usually annually) in exchange for the bonding company's financial strength to extend surety credit. In the event of a claim, the surety will investigate it. If it turns out to be a valid claim, the surety will pay it and then turn to the principal for reimbursement of the amount paid on the claim and any legal fees incurred.

Q – What does Errors & Omissions / Professional Liability insurance cover?

A – Professional Liability insurance is also called "errors and omissions", "E&O", or "malpractice" insurance and is a form of insurance designed to protect professionals and professional organizations. E&O coverage protects an individual or a company from claims alleging failure or error in the provision of services that result in financial damages to your clients.

Q – What is a 'claims made' insurance policy?

A - Coverage on a 'claims made' policy is triggered if both a claim is made against a company and reported during the same policy period. The incident must be reported by the insured to the insurer or the claim must first be made against the insured by the third party, during the period of insurance, provided that the event giving rise to the claim occurred on or after the retro-active inception date of the policy.

Q – What is the Retro-Active date on a 'claims made' E&O policy?

A - A retroactive date sets the date after which claims may occur and be covered under a 'claims made' policy. Losing your retroactive date creates a gap in coverage that could span several years, and would mean that the entire premium you paid for past policies is completely wasted. Avoid this at all costs.

Q – What is an E&O / Professional Liability Extended Reporting Period / Tail?

A - An Extended Reporting Period (ERP / Tail) endorsement on your policy provides protection for claims that are filed after a claims-made policy has been non-renewed or canceled. This extends protection for a claim which may arise due to an error discovered from a previous transaction and during a previous policy period provided there were no gaps in coverage.

Q - Is property replacement cost the same as insurable value?

A - No, insurable value or 'stated amount' is the MAXIMUM that will be paid for that item. Replacement cost is the amount it will cost to actually replace the item.

Q - What is physical damage insurance on commercial Auto?

A - The physical damage coverage under the liability section of your policy pays for the damage you cause (and are liable for) to the property of others.