

What is a CGL policy?

CGL covers Third party Liabilities arising from various business exposures such as those arising from Premises, Products, Advertising and Personal injury. E.g. injury sustained by a potential customer whilst at the premises of the insured. The injury would be due to a fall on a freshly mopped floor, slipping down the stairs or due to a fire incident in the premises.

Why is Commercial General Liability (CGL) policy required?

Consumers and customers in the upper income strata are increasing getting aware of their legal rights and are exercising them without qualms.

In this scenario it becomes important for large corporations and big brands to protect themselves from alleged and real claims which can cause financial outgo.

What does the policy cover?

The policy is split up into 3 coverages as follows:

Coverage A - This covers the damages because of bodily injury and property damage claims that may be made on the insured.

Coverage B - Under this section, the insurance company pays those sums that the Insured becomes legally obligated to pay because of Personal and Advertising injury liability.

Coverage C - extends to Medical Payments wherein the insurance company agrees to pay medical expenses upto a particular limit for bodily injury caused by an accident on the premises owned or rented by the insured or because of his operations. These payments are made regardless of fault.

The policy covers businesses against:

- ✓ Legal liability of the insured towards damages to the third party in respect of accidental death, bodily injury or loss of or damage to property.
- ✓ Legal costs and expenses incurred by the Insured with prior consent of the Company.

Limit of Liability:

The total liability of the insurer has two limits: Per Claim Limit called AOA limit (Any One Accident) and Per Annum Limit called AOY Limit (Any One Year)

Major Exclusions are:

- Pure financial losses and insolvency
- Product Guarantees
- Damage to own property
- Contractual Liability
- Punitive & Exemplary damages
- Political risks
- War, civil war, terrorism & sabotage
- Prior acts and pending litigation