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Additional Insured – A Look at ISO CG 20 10

Introduction

The Insurance Services Office (ISO) provides standard insurance policy language for the insurance industry's use, including additional insured endorsements. We are going to focus today on the industry standard additional insured endorsement ISO CG 20 10.

Specifically, we will be looking at the ISO CG 20 10 07 04 edition and contrasting that to the ISO CG 20 10 11 85 edition, since there are significant differences between the two, with the 11 85 edition being the broader and more desirable version.

Background

An additional insured endorsement modifies the "Who Is An Insured" section of a commercial general liability (CGL) policy to include a person or organization as an insured under that CGL policy.

In other words, an organization is going to hire a service provider and will want to look toward the service providers CGL policy to defend and indemnify the organization if the service provider is negligent in performing their service and causes injury to a third party, who then seeks recovery from both the negligent service provider and the organization who hired the service provider.

***For Example:** A Landlord hires an electrical contractor to perform maintenance work on the light fixtures in the lobby of the Landlord's building. While working on a light fixture, the electrical contractor's employee does not secure it properly, and it falls on a person walking in the lobby and causes serious injury to that person. If that injured person sues the electrical contractor alleging negligence and names the Landlord in that lawsuit, then the Landlord will need to be defended and indemnified.*

This is where a properly executed additional insured endorsement on the service provider's CGL policy will trigger defense and indemnity coverage for the Landlord. Thereby, preserving the Landlord's own CGL policy limits from being eroded, by having to defend and indemnifying the Landlord for the negligent act of the service provider.

There are thousands of variations on additional insured endorsements in the insurance marketplace, with many insurance companies either not using ISO language at all or only using select ISO language to achieve their desired coverage position. There are many reasons for this plethora of additional insured endorsements, but a key reason to not use the ISO endorsements is to narrow the scope of coverage while still being able to respond to their client's (service providers) need to provide additional insured coverage to organizations who require it from their

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service providers.

Review of ISO CG 20 10 Forms

1. ISO CG 20 10 11 85 ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - (FROM B) form reads:

“WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that insured by or for you.”

ISO CG 00 01 12 07 COMMERCIAL GENERAL LIABILITY COVERAGE FORM defines “your work”:

22. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and
- (2) The providing of or failure to provide warnings or instructions.

Key advantages to this endorsement:

- The simplicity of the language.
- This form has been well litigated and there is significant case law to draw upon, so you have a clear sense of what you are getting for coverage when you have status as an additional insured on this edition of the CG 20 10 endorsement.
- The term “your work” includes premises and operations and also includes products and completed operations.
- It may respond to sole negligence of the additional insured.

2. ISO CG 20 10 07 04 ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION form reads:

“A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

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1. Your acts or omissions; or

2. The acts or omissions of those acting on your behalf; in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project."

Key disadvantages to this endorsement:

- The more specific the wording, typically, the narrower the scope of coverage and more opportunity for the insurer to deny coverage.
- The term "ongoing operations" typically means premises and operations only.
- In order to get products and completed operations coverage for the AI, there must be a second ISO endorsement CG 20 37 07 04 included on the CGL policy (see below).
- To further clarify the intent to exclude products and completed operations, part B. of the endorsement specifically excludes "This insurance does not apply ... occurring after ... 1. All work ... operations has been completed" and 2. ... "put to its intended use".
- The term "caused, in whole or in part" now requires that the service provider be at least partially negligent to trigger coverage for the Additional Insured.
- You must specifically schedule the location.

In addition to the ISO CG 20 10 07 04 edition, which only provides premises and operations coverage, you must also add ISO CG 20 37 07 04 edition which provides products and completed operations coverage:

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ISO CG 20 37 07 04 ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS reads:

“Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the schedule of this endorsement performed for that additional insured and included in the "products completed operations hazard”.

Key disadvantages to this endorsement:

- The term “caused, in whole or in part” requires that the service provider be at least partially negligent for the coverage to trigger for the additional insured.
- You must specifically schedule the location.

Summary

This look at the ISO CG 20 10 Additional Insured language is intended to be used in conjunction with an instructional discussion on this topic. The goal is to provide a forum to gain a better understanding of the benefits of the ISO CG 20 10 11 85 edition Additional Insured endorsement and help you communicate this information to others.

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