

So You Think You Know What A CGL Says

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I. Scope of Article

This paper discusses selected current general liability issues that are of importance to lawyers and provides practical advice for their handling. It is intended to be a practical tool for understanding of those matters addressed and is not intended to be an exhaustive analysis. The comments and observations are not intended to be legal opinions nor the practice of law.

II. What Is “CGL” Coverage?

Where were you in 1986? That’s when the general liability form changed from a comprehensive general liability policy to a commercial general liability policy.

The comprehensive general liability provided extremely basic coverage, to which numerous endorsements were required to be added.

The commercial general liability includes the same coverage that was provided by most of those endorsements automatically. ISO referred to it as a simplified language policy. Most others say it is easy to read to hard to understand.

There have been eight editions of the commercial general liability policy (1986, 1988, 1993, 1996, 1998, 2001, 2004 and 2007). The occurrence-based form is identified as CG 00 01. The most current version is identified as CG 00 01 12 07.

■ Recommendation: Do not include requirements for:

- Comprehensive General Liability insurance
- Broad Form Contractual Liability
- Broad Form Property Damage
- Add XCU endorsement

III. Coverage Sections

A. Coverage A – Bodily Injury and Physical Injury to Tangible Property

We will pay those sums that the insured becomes legally obligated to pay as damages because of “bodily injury” or “property damage” to which this insurance applies.

Property damage was redefined in 2001 and means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.


For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

In 2004 this was reinforced by the introduction of a new exclusion to the commercial general liability policy:

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data. As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CDROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

 Issue: Electronic data liability exposure – If the insurance industry took such extreme measures to exclude coverage, perhaps it warrants your attention.

B. Coverage B – Personal and Advertising Injury

We will pay those sums that the insured becomes legally obligated to pay as damages because of “personal and advertising injury” to which this insurance applies.

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Also available as part of the eCourse

[Insurance Law 2012, Part 3: CGL Explained; The 8 Corners Rule under Attack; What Is "Property Damage"; Bad Faith—Can an Insurance Company Go Too Far?; and Trucking Insurance Update](#)

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