

Presented to:  
**Association of Corporate Counsel**

**Presented By**

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- **1<sup>st</sup> Party Insurance**

- Insurance applying to the insured's own property or person.
- Examples: Property Insurance, Equipment Breakdown Insurance, Builders Risk Insurance

- **3<sup>rd</sup> Party Insurance**

- liability insurance purchased by an insured (first party) from an insurer (second party) for protection against the claims of another (third party).
- Examples: general liability, professional liability, D&O Insurance

- Some insurance policies provided both first and third party insurance coverage
  - Examples: Auto Liability Insurance, Homeowners Insurance, Package Policy, Cyber Liability
- Key Difference between 1<sup>st</sup> and 3<sup>rd</sup> party insurance
  - Trigger of coverage
    - 1<sup>st</sup> Party
      - Covers injury the insured suffers
    - 3<sup>rd</sup> Party
      - Covers claim against insured for insured's liability arising from injury suffered by 3<sup>rd</sup> Party

- **Deductible**
  - Insurer pays losses and then is reimbursed by the insured
  - Deductible included in the policy limits
  
- **Self Insurance Retention**
  - Insurer is generally not involved until the SIR is reached
  - SIR does not impact policy limits

**ACORD** **CERTIFICATE OF LIABILITY INSURANCE** DATE (MMDDYYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsements(s).

PRODUCER	CONTACT NAME:	
	PHONE (A/C, No. Ext.)	FAX (A/C, No.)
	E-MAIL:	
	ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURED	INSURER A:	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

**COVERAGES** CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

NEW	TYPE OF INSURANCE	INSR	WVD	POLICY NUMBER	MMDDYYYY	MMDDYYYY	LIMITS
	GENERAL LIABILITY						EACH OCCURRENCE \$
	COMMERCIAL GENERAL LIABILITY						ADDITIONAL COVERED PREMISES (EA OCCURRENCE) \$
	CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/>						MED EXP (Any one person) \$
	GENL AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$
	POLICY <input type="checkbox"/> PROD <input type="checkbox"/> LOC <input type="checkbox"/>						GENERAL AGGREGATE \$
	AUTOMOBILE LIABILITY						PRODUCTS - COMPOSP AGG \$
	ANY AUTO						COMBINED SINGLE LIMIT (EA ACCIDENT) \$
	ALL OWNED AUTOS						BODILY INJURY (Per person) \$
	HIRED AUTOS						BODILY INJURY (Per accident) \$
	SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident) \$
	UNOWNED AUTOS						
	UMBRELLA LIMB <input type="checkbox"/> OCCUR <input type="checkbox"/>						EACH OCCURRENCE \$
	EXCESS LIMB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/>						AGGREGATE \$
	RETENTIONS						
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATL CRT LIMITS OTHER \$
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in BE)	Y/N	N/A				E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Also on ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

ACORD 25 (2010/05)

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■ A 2012 law:

1. prohibits a certificate from conveying a contractual right;
2. provides that a certificate does not amend, extend, or alter the coverage afforded under a policy; and
3. states that a certificate does not confer new or additional rights beyond the policy.

Tex. Ins. Code §§ 1811.051(b); 1811.152; 1811.153.

- Bind coverage for the insured
- Obtain pricing from various insurers
- Discuss coverage alternatives
- Issue Certificates of Insurance
- Representations do not bind insurer
- Cannot advise clients regarding legal implication of coverage

- **Duty to Defend**

- 3<sup>rd</sup> party insurers contractual obligation to defend insured from 3<sup>rd</sup> party claim subject to terms and conditions of the policy
- Eight Corners Rule
  - Duty to Defend is determined by the insurance policy and the live pleading asserting claims against the insured

- **Duty to Indemnify**

- 3<sup>rd</sup> party insurers contractual obligation to indemnify insured for a judgement or settlement that is covered by the applicable policy

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY  
CG 24 04 05 09

**WAIVER OF TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**SCHEDULE**

<p>Name Of Person Or Organization:</p>   
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – **Conditions**:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

- Contractual insurance requirements should include broad waivers of subrogation from the party providing the insurance in order to avoid subrogation claims.
- Applicable to 1<sup>st</sup> and 3<sup>rd</sup> party insurance policies

- **Indemnity Clause**

- Contractual provisions requiring one party (the indemnitor) to take legal responsibility for liability of another party (the indemnitee)

- **General liability insurance**

- Typically structured to provide coverage for insured's contractual indemnity obligations

- **Importance**

- Financial “guarantor” for third party bodily injury and property damage claims

- **What is an additional insured?**
  - A party afforded coverage under a third party's insurance policy as an insured
- Typically added as an additional insured via policy endorsement pursuant to contractual requirements
- Coverage afforded under additional insured endorsements varies significantly

- **Umbrella Policy**

- An excess policy subject to the specific terms and conditions stated in the policy
- May provide broader or narrower coverage than the underlying policy or policies

- **Follow Form Excess Policy**

- Coverage subject to the same terms and conditions of the underlying policy

- When is an insured required to provide notice of a claim to a insurer?
  - Typically, policies require the insured to provide “prompt” notice of claims
- The failure to provide prompt notice of a claim does not automatically void coverage
- Insurer is required to prove the failure to provide “prompt” notice of a claim caused it prejudice

- **After a claim is filed three potential response from insurer:**
  - Denial
  - Unqualified Acceptance
  - Acceptance pursuant to Reservation of Rights
- **Reservation of Rights**
  - An insurer's notification to an insured that coverage for a claim may not apply. Such notification allows an insurer to investigate (or even defend) a claim to determine whether coverage applies (in whole or in part) without waiving its right to later deny coverage based on information revealed by the investigation.



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