

Commercial General Liability & Business Auto Quiz

1. Coverage A in Insurance Services Office's (ISO's) commercial general liability (CGL) policy states that it will pay all sums the insured becomes legally obligated to pay because of "bodily injury" or "property damage." The definition of "bodily injury" includes all of the following except:

- A. Bodily injury
- B. Death
- C. Mental anguish
- D. Sickness or disease

The correct answer is:

C. Mental anguish – "Bodily injury" is specifically defined to mean bodily injury, sickness, disease or death. The definition does not include mental anguish. However, some courts have concluded that "sickness" may include mental anguish.

2. Coverage for "bodily injury" and "property damage" in Coverage A applies only if certain conditions are met. Which of the following is a condition required for coverage to apply?

- A. Suit for bodily injury or property damage was filed any place in the world
- B. The bodily injury or property damage was not known to have occurred prior to the policy period
- C. The bodily injury or property damage must have occurred prior to the policy period
- D. The bodily injury or property damage must be reported no more than 10 days following the injury-causing event

The correct answer is:

B. The bodily injury or property damage was not known to have occurred prior to the policy period

3. Which of the following is not a specific exclusion in Coverage A of the CGL?

- A. Liquor liability
- B. Pollution
- C. Intentional acts
- D. War

The correct answer is:

C. Intentional acts – The CGL does not contain an "intentional acts" exclusion. Exclusion "a." is the Expected or Intended Injury Exclusion, but it does not exclude an intentional ACT unless the act is Expected or Intended to cause an injury.

4. Coverage A of ISO's CGL excludes "Damage to Property" (exclusion "j."). Which of the following is not excluded property in this exclusion?

- A. The office space leased to the insured and damaged by the insured's negligence
- B. A house built by the insured specifically to sell that was never occupied by the insured
- C. A lawn mower the insured was fixing for a customer as a part of the business
- D. A copy machine leased by the business

The correct answer is:

B. A house built by the insured specifically to sell that was never occupied by the insured – This is a specific exception to the exclusion.

5. Which of the following would not be excluded by the Pollution exclusion in ISO's unendorsed CGL?

- A. Three years after closing, large amounts of oil are released from a recycling center
- B. An asbestos removal contractor accidentally releases asbestos dust into the atmosphere
- C. While hauling used oil, the insured spills a large amount on the highway that must be cleaned up
- D. Two months after competing work, a weld fails on an old oil tank releasing oil into the basement of the customer

The correct answer is:

D. Two months after competing work, a weld fails on an old oil tank releasing oil into the basement of the customer – There are five self-limiting requirements in and eight exceptions to the "Absolute" pollution exclusion in ISO's unendorsed CGL. The example case falls under one of the exceptions.

6. Coverage B in ISO's CGL policy extends coverage for:

- A. Medical Payments
- B. Bodily Injury and Property Damage
- C. Supplementary Payments
- D. Personal and Advertising Injury

The correct answer is:

D. Personal and Advertising Injury

7. Coverage C in ISO's CGL is Medical Payments. To whom is medical payments coverage available in the CGL?

- A. To a tenant or some other person who normally occupies a specific space
- B. To a customer of a gift shop
- C. To a person hired to do work on behalf of a tenant of the insured
- D. To a person participating in an athletic event

The correct answer is:

B. To a customer of a gift shop – Medical Payments coverage is NOT extended to: 1) anyone considered an insured; 2) hired persons; 3) anyone normally occupying the premises; 4) those eligible for or subject to workers' compensation; 5) anyone involved in an athletic activity; 6) injury resulting from a product or completed operation; or 6) any loss excluded under Coverage A

8. Coverage provided by ISO's unendorsed Owners and Contractors Protective Liability Coverage Form (CG 00 09) is very limited. In fact, it only extends two coverages: 1) vicarious liability and:

- A. Coverage for bodily injury liability arising out of the negligent actions of the named insured
- B. Coverage for property damage to the named contractor's equipment
- C. Coverage for the negligent supervision of the contractor named in the policy
- D. Coverage for liability arising out of the named insured's completed operations

The correct answer is:

C. Coverage for the negligent supervision of the contractor named in the policy

9. Which of the following do not qualify as an insured in the unendorsed BAC?

- A. The "you" for any covered auto
- B. The owner of a non-owned trailer attached to a covered auto
- C. Anyone liable for the conduct of an "insured"
- D. An employee using his personal vehicle on company business

The correct answer is:

D. An employee using his personal vehicle on company business – The employee's personal auto policy (PAP) covers the employee's personal liability and his employer's vicarious liability. If there is not enough coverage, the employer's BAC covers only the company's vicarious liability (not the employee's personal liability). This can be remedied by attaching the "Employees as Insureds" endorsement.

10. A BAC is rated based on seven features of the risk being insured. These include whether or not the vehicles are part of a fleet and the primary garaging location. Which of the following is not one of the remaining five rating factors?

- A. Driver payroll
- B. Radius of operations
- C. Business use class
- D. Size class

The correct answer is:

E. Driver payroll – The seven possible rating factors are: 1) Fleet or non-fleet (five is the beginning of a fleet); 2) Primary garaging location; 3) Radius of operations (local, intermediate, long distance); 4) Business Use Class (Commercial, Retail, Service); 5) Size class (Light, Medium, Heavy, Extra Heavy); 6) Vehicle type (private passenger auto, truck, tractor, or trailer); and 7) Age of vehicle.