

# Liability A-Z

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## ACAS.

Associate of the Casualty Actuarial Society. See Fellow of the Casualty Actuarial Society. (LA)

## Absolute Liability.

A type of liability that arises from extremely dangerous operations. An example would be in the use of explosives: A contractor would almost certainly be liable for damages caused by vibrations of the earth following an explosive detonation. With absolute liability it is usually not necessary for a claimant to establish that the operation is dangerous. See also Strict Liability. (LA)

## Active Malfunction.

A Products Insurance term. If the product, instead of bringing a benefit to the user, actually damages the user's property, it is an active malfunction. An example is bug killer which, when applied to a crop, damages the crop.

Active malfunctioning is covered. (LA)

## Advertising Injury.

Injury arising out of libel or slander, violation of the right to privacy, misappropriation of advertising ideas, or infringement of copyright, title or slogan committed in the course of advertising goods, products, or services.

Contrast with Personal Injury. (LA)

## Aggregate Products Liability Limit.

This limit represents the amount of money which an insurer will pay during the term of a policy for all Products Liability claims which it covers. (LA)

## Assumed Liability.

See Contractual Liability. (LA)

## Atomic Energy Reinsurance.

See Mutual Atomic Energy Reinsurance Pool. (LA)

## BI.

See Bodily Injury Liability. This is what these letters most often refer to in the liability field. (LA)

## Basic Extended Reporting Period.

An automatic "tail" for reporting claims after expiration of a "claims-made" liability policy. It is provided without charge and consists of two parts: a mini-tail covers claims made within 60 days after the end of the policy; a midi-tail covers claims made within five years after the end of the policy period arising out of occurrences reported not later than 60 days after the end of the policy. (LA)

## Basic Limits of Liability.

Minimum amounts of insurance. The term is usually used in reference to Bodily Injury and Property Damage limits that are either the lowest amounts which can be written at the published or manual rates, the minimum amount of insurance an insurer is willing to underwrite, or the minimum amount of insurance required by law, e.g., Automobile Insurance financial responsibility laws. (LA,AU)

## Bench Error.

A term used in Products Insurance which describes a loss that occurs in the production process. For instance, if production workers mistakenly use the wrong ingredients

in a chemical formula, a bench error has occurred. Bench errors are covered. (LA)

## Blasting and Explosion Exclusion.

Exclusion of liability for damages from blasting or explosions. Rates for the types of construction work followed by the letter "X" in the manual exclude this coverage. If it is desired, an additional rate must be charged. (LA)

## Blowout and Cratering.

These are industry terms having to do with accidents that can arise from drilling operations. Generally, they are either excluded under the Liability policy or can be added by endorsement for an additional premium, depending upon the judgment of the underwriter. (LA)

## Bodily Injury Liability (BI).

A legal liability that may arise as a result of the injury or death of another person. (LA)

## Broad Form Nuclear Energy Liability Exclusion Endorsement.

A form which must be attached to every General Liability coverage part. It excludes coverage for any loss resulting from the hazardous properties of nuclear material related to the operations of a nuclear facility. (LA)

## Broad Form Property Damage Endorsement.

An endorsement to a General Liability policy that deletes the exclusion referring to property in the care, custody, or control of the insured and replaces it with a less restrictive exclusion. (LA)

## Bumbershoot Policy.

A Liability policy similar to the Umbrella policy which includes coverage related to Ocean Marine risks. In addition to General Liability coverage, Protection and Indemnity can be provided, as can Liability under the Longshoremen's and Harbor Workers' Act. Collision coverage can be provided and general average and salvage charges can be included. A shipyard would be interested in a Bumbershoot policy. (LA)

## Business Liability.

The term used to describe the liability coverages provided by the Businessowners Liability Coverage Form. It includes liability for bodily injury, property damage, personal injury, advertising injury, and fire damage. (LA)

## Business Risk Exclusion.

Also known as the (Product) Failure to Perform Exclusion. In Products Insurance, no coverage is provided for a product that does not meet the level of performance, quality, fitness, or durability warranted or represented by the insured. Coverage is provided, however, if liability results from a Bench Error or an Active Malfunction. See also the definitions of these two terms. (LA)

## Businessowners Policy.

A policy similar to the Special Multi-Peril policy. It provides Broad Property and Liability coverage in a

single contract and is designed for small and medium-sized mercantile, office, or apartment risks. (The SMP policy can also be made to provide broad coverage, but additional endorsements are required.) (LA,PR)

**CGL.**

See Commercial General Liability Coverage Part. (LA)

**Care, Custody and Control.**

Most Liability Insurance policies exclude coverage for damage to property in the care, custody, or control of the insured. In some cases this type of coverage is not available; in other cases it can be purchased through certain forms of Inland Marine Insurance, like Installation Floaters, and in some cases this exclusion can be made less restrictive by adding a Broad Form Property Damage Endorsement. (LA)

**Casualty Insurance.**

That type of insurance that is primarily concerned with the legal liability for losses caused by injury to persons or damage to the property of others. It also includes such diverse forms as Plate Glass Insurance, Crime Insurance, Boiler and Machinery Insurance, and Aviation Insurance. Many Casualty insurers also write surety bonds. Casualty insurers write forms of insurance not considered Property forms. Contrast with Property Insurance. (LA)

**Claims-Made Coverage.**

A policy providing liability coverage only if a written claim is made during the policy period or any applicable extended reporting period. For example, a claim made in the current year could be charged against the current policy even if the injury or loss occurred many years in the past. If the policy has a retroactive date, an occurrence prior to that date is not covered. Contrast with Occurrence Coverage. (LA)

**Collapse.**

Literally, to cave in or give way. See Blasting and Explosion Exclusion for information on how the coverage is handled under a Liability policy. (LA)

**Combined Single Limit.**

A single limit of protection for both Bodily Injury and/or Property Damage, contrasted with split limits, where specific limits apply to Bodily Injury and Property Damage separately. (LA)

**Commercial General Liability (CGL) Coverage Part.**

General liability coverage which may be written as a monoline policy or part of a commercial package. "CGL" now means "commercial" general liability forms which have replaced the earlier "comprehensive" general liability forms. The latest forms include all sublines, provide very broad coverage, and two variations are available - "Occurrence" or "Claims-Made" coverage. (LA)

**Common Law Defenses.**

Pleas that can defeat an injured worker's suit for injuries against his employer in the absence of a Workers Compensation law or Employers Liability legislation. The three defenses are contributory negligence, assumption of risk, and fellow servant rule. (LA)

**Completed Operations Insurance.**

A form of insurance issued particularly to various types of contractors. It covers a contractor's liability for accidents arising out of jobs or operations that he has completed. See also Products-Completed Operations Insurance. (LA)

**Composite Rate.**

A single rate with a single basis of premium, e.g., payroll or sales. For this single rate the insured is covered for a variety of hazards, such as Premises and Operations, Completed Operations, Products Liability, and Automobile. Its primary value is to make it simpler for the policy's premium to be computed. (LA,AU)

**Comprehensive General Liability.**

A policy covering a variety of general liability exposures, including Premises and Operations (OL&T or M&C), Completed Operations, Products Liability, and Owners and Contractors Protective. Contractual Liability and Broad Form coverages could be added. In most jurisdictions, the "Comprehensive" General Liability policy has been replaced by the newer "Commercial" General Liability (CGL) forms which include all the standard and optional coverages of the earlier forms. See also Commercial General Liability. (LA)

**Comprehensive Personal Liability.**

This coverage protects individuals and families from liability for nearly all types of accidents caused by them in their personal lives as opposed to business lives. It is most commonly a part of the protection provided by a Homeowners policy. (LA)

**Contingent Liability.**

A liability imposed because of accidents caused by persons other than employees for whose acts an individual, partnership or corporation may be responsible. For example, an insured who hires an independent contractor can in some cases be held liable for his negligence. (LA)

**Contractual (or Assumed) Liability Insurance.**

This insurance protects the insured in the event a loss occurs for which he has assumed liability, express or implied, under a written contract. For example, under most construction agreements with a municipality, the contractor agrees to "hold the municipality harmless" for any accidents arising out of the job. Contractual Liability Insurance would thus protect the contractor from any loss for which the municipality would be liable in connection with the construction. (LA)

**Coverage Trigger.**

A mechanism that determines whether a policy covers a particular claim for loss. For example, the difference between the coverage triggers of liability "occurrence" forms and "claims made" forms is that loss must occur during the policy period in the first case and the claim must be made during the policy period in the second case. (LA)

**Directors and Officers Liability Insurance.**

Insurance that protects directors and officers from liability claims arising out of alleged errors in judgment, breaches of duty, and wrongful acts related to their organizational activities. (LA)

**Dram Shop Liability Insurance.**

A form of insurance contract that protects the owners of an establishment in which alcoholic beverages are sold against liability arising out of accidents caused by intoxicated customers who have been served or sold the alcoholic beverages. (LA)

**Druggists Liability Insurance.**

A contract that protects a druggist in case of a suit arising out of filling prescriptions, missed delivery of drugs, and other operations normal to a drugstore. (LA)

**Entry Date into Claims-Made.**

Initial effective date of a "claims-made" liability policy. An entry date is used to determine extent of maturity for rating purposes. If claims-made coverage is interrupted and reestablished, or if a retroactive date is changed on renewal, the entry date will change. (LA)

**ERISA Liability.**

Liability imposed by law upon officers or other employees operating in a fiduciary capacity for the proper handling of pension funds and other employee benefits. It is excluded from most General Liability policies. See Employee Retirement Income Security Act (ERISA). (LA)

**Errors and Omissions Insurance.**

(1) A form of insurance that indemnifies the insured for any loss sustained because of an error or oversight on his part. For instance, an insurance agency purchases this type of coverage to protect itself against losses from such things as failing to issue a policy. (2) A form of insurance which covers losses resulting from financial institutions failing to effect insurance coverage. (LA)

**Excess Limit.**

(1) That limit provided in a policy which is in excess of the basic limit. See Basic Limit. (2) A limit provided in a separate policy with another insurer which is in excess of the limit provided in the basic policy. (LA)

**Explosion, Collapse and Underground Damage.**

See XCU. (LA)

**Extended Reporting Period (ERP).**

A period allowing for making claims after expiration of a "claims-made" liability policy. Also known as a "tail." See also Basic ERP, Supplemental ERP, Mini Tail, Midi Tail, Maxi Tail. (LA)

**Farm Liability Coverage Form.**

A commercial liability form attached to a Farm Coverage Part to provide coverage for bodily injury, property damage, personal injury, advertising injury and medical payments for farm exposures. (LA)

**Farmers Comprehensive Personal Liability.**

Similar to the Comprehensive Personal Liability policy but adapted to cover farm hazards, such as damage caused by grazing animals. (LA)

**Fellow of the Society of Actuaries (FSA).**

A designation which is gained by the completion of a series of examinations, as well as other experience requirements. (PR,LA)

**Fire Damage Limit.**

A General Liability limit that applies only to the coverage for fire legal liability. (LA)

**Fringe Benefits.**

See Employee Benefit Program. (LA,H)

**Garage Keepers Legal Liability Insurance.**

An insurance contract that protects a garage keeper against liability for damage to vehicles in his care, custody, or control caused by specific perils. (LA)

**Garage Liability Insurance.**

Insurance to protect garage owners or automobile dealers for liabilities arising out of their business operations. (LA)

**General Aggregate Limit(FSA).**

A Commercial General Liability limit that applies to all damages paid for bodily injury, property damage, personal injury, advertising injury, and medical expenses, except damages included in the products-completed operations hazard. (PR,LA)

**General Liability Insurance.**

A form of insurance designed to protect owners and operators of businesses from a wide variety of liability exposures. These exposures could include liability arising out of accidents resulting from the premises or the operations of an insured, products sold by the insured, operations completed by the insured, and contractual liability. (LA)

**Hold Harmless Agreement.**

A contractual arrangement whereby one party assumes the liability inherent in a situation, thereby relieving the other party of responsibility. Such agreements are typically found in contracts like leases, sidetrack agreements, and easements. For example, a typical lease may provide that the lessee must "hold harmless" the lessor for any liability from accidents arising out of the premises. The effect of such an agreement is that the lessee must provide a defense for the lessor, and if any judgment is rendered against the lessor, the lessee would have to pay. (LA)

**Immature Policies.**

Claims-made coverage which has not been in effect, on an uninterrupted basis, for at least five years. For rating purposes, a discount applies to manual rates for immature policies. (LA)

**Impaired Property.**

Tangible property which cannot be used or has become less useful because it incorporates the insured's product or work which is defective or inadequate, or because the insured has failed to fulfill a contractual obligation. (LA)

**Independent Contractors Insurance.**

See Owners and Contractors Protective Liability Policy. (LA)

**Innkeepers Legal Liability.**

A coverage for motel and hotel operators, protecting them against the legal liability they have for the safekeeping of the property of guests. The policy usually has a limit per guest and an aggregate limit per policy year. (LA)

**Insured Contract.**

A definition which shapes the extent of contractual liability coverage by describing the types of contracts

which are insured. On modern liability forms, "insured contract" includes leases of premises, sidetrack agreements, elevator maintenance agreements, easement agreements, and other agreements related to the insured's business. (LA)

**Interest, Post-Judgment.**

Money the plaintiff would have earned if the favorable judgment had been paid at the time of the first judgment, instead of at a later date due to an appeal. (LA)

**Interest, Pre-Judgment.**

Money the plaintiff would have earned if the favorable judgment had been paid at the time of injury or damage, instead of at a later date when a judgment is made. (LA)

**Joint Liability.**

Liability which rests upon more than one person. (LA)

**Landlords Protective Liability.**

Coverage provided to the owner of property who leases the entire premises to another. This is very reasonable because the full control of the premises rests with the lease. (LA)

**Laser Beam Endorsement.**

An endorsement to a "claims made" liability form used to exclude specific accidents, products or locations. It earned its nickname because it allows an insurer to zero in with a sharp focus to exclude specific exposures. (LA)

**Legal Expense Insurance.**

A group form of insurance which provides members with legal services paid for on a schedule. Similar to Dental Insurance. (LA)

**Liability Insurance.**

That insurance which pays and renders service on behalf of an insured for loss arising out of her responsibility to others imposed by law or assumed by contract. (LA)

**Liability Limits.**

The maximum amount for which a Liability Insurance company provides protection in a particular policy. (LA)

**Libel Insurance.**

A form of Liability Insurance that protects the insured against legal liability for libelous statements he may write. (LA)

**Limit, Excess.**

See Excess Limit. (LA)

**Limit of Liability.**

The maximum amount for which an insurer is liable as set forth in the contract. (LA)

**Limited Pollution Liability Coverage Form.**

Commercial form providing pollution liability coverage on a "claims made" basis, but not providing any coverage for clean-up costs. (LA)

**Liquor Liability Insurance.**

See Dram Shop Liability Insurance. (LA)

**Loss Costs.**

In 1989 ISO began a transition from providing advisory base rates to providing only prospective costs, made up of claims payments and loss adjustment expenses. Individual insurers develop their rating factors to reflect their own underwriting expense and profit/contingencies. (LA, PR)

**M&C.**

See Manufacturers and Contractors Liability Insurance. (LA)

**Malpractice.**

Professional misconduct or lack of ordinary skill in the performance of a professional act which renders the practitioner liable to suit for damages. (LA)

**Malpractice Insurance.**

Insurance on a professional practitioner that will (1) defend suits instituted against him for malpractice, and/or (2) pay any damages set by a court, subject to policy limits. (LA)

**Manual Excess.**

The premium for an amount of insurance in excess of the basic limit of liability. This premium is determined by referring to a table of rate factors which are multiplied by the manual rate in order to arrive at a premium for the higher limit selected. (LA)

**Manufacturers and Contractors Liability Insurance (M&C).**

A form of Premises and Operations Liability Insurance designed to cover manufacturing or contracting risks. The basis of premiums for this coverage is the payroll. (LA)

**Mature Policies.**

Uninterrupted claims-made coverage continuously in effect for at least five years, and no longer eligible for rating credits given on immature policies. (LA)

**Maxi Tail, or Full Tail.**

Unlimited extended reporting period allowing for making claims after expiration of a "claims-made" liability policy. See also Supplemental Extended Reporting Period. (LA)

**Midi Tail.**

Automatic five-year extended reporting period allowing for the making of claims after expiration of a "claims-made" liability policy, but only applies to claims arising from occurrences which were reported no later than 60 days after the end of the policy. See also Extended Reporting Period. (LA)

**Mini Tail.**

Automatic 60-day extended reporting period allowing for the making of claims after expiration of a "claims-made" liability policy. See also Extended Reporting Period. (LA)

**Mobile Equipment.**

A term defined in General Liability policies as land vehicles, including machinery and apparatus attached thereto, whether or not self-propelled, and (1) not subject to motor vehicle registration, or (2) used exclusively on the insured's premises, or (3) designed principally for use off public roads, or (4) designed or maintained for the sole purpose of providing mobility for permanently attached equipment such as cranes, loaders, pumps, generators, or welding equipment. (LA)

**Mutual Atomic Energy Reinsurance Pool.**

A group of mutual insurance companies which reinsure Liability policies written on private nuclear energy reactors. Most insurance contracts exclude this coverage, and it can usually only be provided by a pool. See also Radioactive Contamination Insurance. (LA)

**NELIA.**

Nuclear Energy Liability Insurance Association. (LA)  
**NOC. Not Otherwise Classified.**

A term often found in the classification section of Liability or Workers Compensation rating manuals. If a listing is followed by an NOC, it means to use this classification if an insured cannot be classified more specifically. (LA,WC)

**Not Otherwise Classified.**

See NOC. (LA,WC)

**Nuclear Energy Contamination.**

See Mutual Atomic Energy Reinsurance Pool and Radioactive Contamination Insurance. (LA,PR)

**OL&T.**

See Owners, Landlords, and Tenants Liability Insurance. (LA)

**Occurrence Coverage.**

A policy form providing liability coverage only for injury or damage that occurs during the policy period, regardless of when the claim is actually made. For example, a claim made in the current policy year could be charged against a prior policy period, or may not be covered, if it arises from an occurrence prior to the effective date. Contrast with Claims-Made Coverage. (LA)

**Officers and Directors Liability Insurance.**

A type of insurance which protects the officers and directors of a corporation against damages resulting from negligent or wrongful acts which may harm the corporation or its stockholders. (LA)

**Owners and Contractors Protective Liability Policy.**

A policy which protects an insured against losses caused by the negligence of a contractor or subcontractor that he hires. Also sometimes referred to as Independent Contractors Insurance. (LA)

**Owners, Landlords, and Tenants Liability Insurance (OL&T).**

Coverage for an insured against legal liability for bodily injury or property damage caused to others by negligence and arising out of the ownership, maintenance, or use of the premises designated in the policy and all operations necessary or incidental to those premises. A form of Premises and Operations Liability Insurance designed to cover premises where the public is invited. The OL&T form has largely been replaced by the Commercial General Liability Coverage Form. (LA)

**Parasol Policy.**

Another name for the Difference in Conditions policy. See Difference in Conditions. (LA)

**Personal Injury.**

Injury other than bodily injury arising out of false arrest or detention, malicious prosecution, wrongful entry or eviction, libel or slander, or violation of a person's right to privacy committed other than in the course of advertising, publishing, broadcasting or telecasting. Contrast with Advertising Injury. (LA)

**Personal Liability Supplement.**

This form is used to provide Personal Liability Insurance. It may be attached to a Dwelling Policy or written as a separate policy. (LA)

**Physicians and Surgeons Professional Liability Insurance.**

Malpractice Insurance for physicians and surgeons. See Malpractice. (LA)

**Pollution Liability Coverage Form.**

Commercial form providing pollution insurance on a "claims made" basis, and also including coverage or clean-up costs. Contrast with Limited Pollution Liability Coverage Form. (LA)

**Pollution Liability Extension Endorsement.**

An endorsement to general liability insurance which removes part of the pollution exclusion, creating liability coverage for pollution injury or damage. (LA)

**Premises and Operations Liability Insurance.**

Liability coverage for exposures arising out of an insured's premises and business operations. One of the two major sublines of general liability. Contrast with Products and Completed Operations Insurance. (LA)

**Product Failure Exclusion.**

See Business Risk Exclusion. (LA)

**Product Recall Insurance.**

Insurance which indemnifies the insured for the cost of recalling products known or suspected to be defective. (LA)

**Products and Completed Operations Insurance.**

A major general liability subline which provides coverage for an insured against claims arising out of products sold, manufactured, handled, or distributed, or operations which are complete. Claims are covered only after a product has been sold and possession relinquished, or operations have been completed or abandoned by the named insured. Manufacturers and contractors have a need for this coverage. Contrast with Premises and Operations Liability. (LA)

**Professional Liability Insurance.**

(1) See Malpractice Insurance for the definition applicable to the healing arts. (2) See Errors and Omissions Insurance for the definition applicable to those in professions such as law and accounting. Errors and Omissions exposure exists for many other kinds of businesses, like travel agencies and telephone exchanges. (LA)

**Property Damage Liability Insurance.**

Protection against liability for damage to the property of another, including loss of the use of the property, as distinguished from liability for bodily injury to another. In the majority of cases it is written along with Bodily Injury Liability protection. (LA)

**Prospective Loss Costs.**

See Loss Costs. (LA,PR)

**Protective Liability Insurance.**

See Owners and Contractors Protective Liability. (LA)

**Public Liability Insurance.**

A general term applied to forms of third party liability insurance with respect to both bodily injury and property damage liability. It protects the insured against suits brought by members of the public. (LA)

**Railroad Protective Liability.**

A Protective Liability coverage written in favor of a railroad on behalf of those who are conducting operations on or adjacent to railroad property. (LA)

**Railroad Sidetrack Agreement.**

See Sidetrack Agreement. (LA)

**Railroad Subrogation Waiver Clause.**

A provision in a Property Insurance contract that the contract shall be valid even though the insured has an agreement with the railroad waiving subrogation against the railroad. Usually used in connection with a railroad sidetrack agreement. (LA)

**Rating, Retrospective.**

See Retrospective Rating. (LA,WC)

**Recapture of Products.**

See Products Recall. (LA)

**Retroactive Date.**

Date on a "claims made" liability policy which triggers the beginning period of insurance coverage. A retroactive date is not required. If one is shown on the policy, any claim made during the policy period will not be covered if the loss occurred before the retroactive date. (LA)

**SMP.**

See Special Multi-Peril. (LA,PR)

**Sidetrack Agreement.**

Any agreement between a railroad and a customer who is served by a railroad sidetrack built on his premises. Among other things, it provides that the customer hold the railroad harmless for losses resulting from certain types of accidents. (LA)

**Sidetrack Insurance.**

See Sidetrack Agreement. (LA)

**Sine Qua Non Rule.**

This rule says that a person's conduct is not held to be the cause of a loss if the loss would have occurred anyway. (LA)

**Sistership Exclusion.**

A Products Insurance Exclusion which denies coverage for the withdrawal and recall of products from the market. (LA)

**Special Multi-Peril (SMP).**

A Business policy which combined into one contract the coverages normally purchased under several. Property and Liability coverages were mandatory, Crime and Boiler and Machinery were optional. Many other options and endorsements allowed the SMP to be tailor made for each policyholder. Largely replaced by new commercial forms. See Commercial Package Policy. (LA)

**Storekeepers Liability Policy.**

A single limit package policy covering bodily injury and property damage liability claims in the operation of the storekeeper's business. It includes limited coverage on contractual and products liability. (LA)

**Strict Liability.**

Usually used when referring to Products coverage. The liability that manufacturers and merchandisers may be subject to for defective products sold by them, regardless of fault or negligence. A claimant must prove that the product is defective and therefore unreasonably dangerous. See also Absolute Liability. (LA)

**Supplemental Extended Reporting Period.**

An optional "maxi tail" or "full tail" which extends for an unlimited period of time after expiration of a "claims-made" liability policy, and covers claims made after the policy period. (LA)

**Supplementary Payments.**

A provision in most liability policies under which the insurer agrees to pay defense costs, premiums on various bonds, interest accruing after a judgment, and other reasonable expenses in addition to the limit of liability. (LA)

**Tail.**

This term has been used to describe both the exposure that exists after expiration of a policy and the coverage that may be purchased to cover that exposure. On "occurrence" forms a claims tail may extend for years after policy expiration, and the losses may be covered. On "claims made" forms tail coverage may be purchased to extend the period for reporting covered claims beyond the policy period. See Mini, Midi, Maxi Tail. (LA)

**Third Party Insurance.**

A term for Liability Insurance. Liability always involves a third party, the one who has suffered a loss, in addition to the insurer and the insured. See also Liability Insurance. (LA)

**Transition Program.**

In commercial liability insurance, rules designed to offset wide differences in premiums for mercantile risks because of a change in the rating base from area to gross sales. It limits maximum and minimum premium changes resulting solely from the change in the rating base. (LA)

**Trigger.**

See Coverage Trigger. (LA)

**Umbrella Liability Policy.**

A coverage basically affording high limit coverage in excess of the limits of the primary policies as well as additional liability coverages. These additional coverages are usually subject to a substantial self-insured retention. The term "umbrella" is derived from the fact that it is a separate policy over and above any other basic Liability policies the insured may have. (LA)

**Underground Property Damage.**

Refers to damage to underground property, such as wires, conduits or pipes, sewers, etc., beneath the surface of the ground caused by the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, burrowing, filling, backfilling, or pile driving. (LA)

**Warehousemen Legal Liability.**

Coverage protecting warehousemen from liability claims, common to the business of warehousing, for loss or damage to property in storage. (LA)

**Water Damage Legal Liability Insurance.**

Coverage for an insured who suffers a water damage loss which also damages the property of others on the floor below or in adjoining premises. (LA)

**Wrap-Up.**

A package plan of a broad type, usually found only in large situations, which is coordinated in such a way as to be applicable to all Liability risks. An example would be a wrap-up policy covering all contractors working on a specific job. (LA)

**XCU.**

Explosion, Collapse, and Underground Damage. This term is used in Business Liability Insurance to indicate that certain types of construction work involve these

hazards. Many Liability policies exclude them. They can be added by endorsement for an additional premium charge. (LA)