

Commercial General Liability Quick Tips

DBAs

Trade names, fondly referred to as DBAs (doing business as), are sometimes a source of friction between underwriters and agents, and agents and policyholders. This might be due to the agency's method of filing (by DBA), or perhaps due to a lack of understanding, or maybe even a genuine difference of opinion. Regardless, there are standards for named insureds, and the line isn't drawn in the sand. It's in concrete.

Don't Be Allowin':

- DBA as first named insured. No exceptions.
- DBA that includes Inc., LLC, or Corp. Any DBA that includes a legal entity suffix just doesn't ring true. It's possible to have a dba that includes one of those suffixes, but it's unlikely.
- Unexplained inconsistencies between the legal entity and the DBA. For example - D & E Plumbing, Inc. dba Ralph's Catering should raise a host of red flags. Well, at least one.

Whether the situation is a new business submission or a change request, a critical eye is needed.

Multiple locations

Restaurants have a higher percentage of part-time staff than most mercantile operations due to the nature of their traffic flow. Most people eat their three squares within about the same two-hour range in any given time zone, and that creates a need for more warm bodies to be present at noon than will be needed three hours later. That being the case, most restaurants will have a greater total number of employees than a retailer that sells shoes--even if they're open the same number of hours. The challenge to effectively manage this higher than average number of employees is heightened when there is more than one location.

No, I've never run a restaurant, but most adults recognize good management when they see it. There's a specific chain I'm thinking of (not to be named, since I don't have a personal injury policy, nor publisher's E&O) which provides a clean, well-maintained eating environment where the food quality is consistent, and the employees give you their attention without making you beg for it. That's no accident. One contributing factor may be that that particular chain prefers to limit franchisee locations to one. When there's only one, the owner's/manager's focus is always in the same place, not pulled in a dozen different directions.

Remember the nursery rhyme about the old woman that lived in a shoe? The problem, if you recall, wasn't that her children were bad, but that she had so many she didn't know what to do. Talk about a control issue. If she'd had fewer there wouldn't have been a problem, or a rhyme for that matter, but my point is that people's coping skills have limits. When too much is on their plates (or in their shoes, as it happens), there's a greater likelihood of losses due to less stringent controls. In a perfect world, this would indicate some sort of impact on pricing, or even acceptability. This should speak to underwriters and agents, as well as to business owners who have a few too many plates in the air.

Liquor

The exposure bases for rating most, if not all, retail risks is gross receipts. A point of confusion for some is, strangely enough, what is meant by gross. Per Webster: --n. **1.** overall total. This seems clear. Why then do we sometimes see liquor receipts deducted from the total--by the business owner, the agent or the underwriter? I'm thinking it's due to a misguided sense of fairness. Are we not double-dipping when we use the liquor receipts in two separate General Liability (GL) class codes? In a word, no. There is no exception to the rule that would indicate otherwise, and then there's that common sense thing.

The general liability class must include alcohol receipts, the same way it includes any other beverage receipts. Otherwise, a bar that sells nothing but alcohol would have no basis for GL premium. Does anyone think bars are only at risk for liquor liability claims?

Another issue that is sometimes overlooked is that any retail risk that sells alcohol has a liquor liability exposure, and it won't be covered by the GL form. This would include, but is not limited to, grocery/liquor/convenience stores and supermarkets. Sometimes the business owner doesn't realize it's needed, and the agent might not, either. Whoever thinks ignorance is bliss never interacted with an angry claimant. It's best to understand the rules of engagement.

Mini-warehouses

Long ago and far away a loss report made its way to my desk that perfectly illustrates the need for effective security practices. An adult female was raped and beaten outside her self-storage unit. The potential for assaults is exacerbated by the rows of buildings that effectively form alleys. That, and because most renters access their units infrequently, there is an isolation factor.

Better controlled risks will have security measures in place that provide some level of deterrent:

- Adequate lighting,
- Security cameras,
- Check-in procedures that require photo ID,
- Fenced premises, and
- A manager always on premises.

Not all mini-warehouse operations will have all the characteristics, but a clear effort should be made to provide a safe premises. This should reduce claims, and this is good for the business owner, the agent and the carrier.