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WHAT YOU NEED TO KNOW ABOUT GENERAL LIABILITY INSURANCE.

BY ITS VERY nature, landscaping is a risky business. That's why it's so important to be properly insured. General liability insurance is designed to provide protection against third-party insurance claims as a result of alleged bodily injury, property damage or personal injury. John Hodapp, CPCU, senior vice president of Hortica Insurance & Employee Benefits weighed in on what landscape contractors should know about their general liability policies.

General liability insurance may come as part of a package—that's when two or more types of insurance are grouped together. The most common grouping is general liability and property insurances, Hodapp says. "A property could be anything from an office to a storage garage," he says. "Property insurance would provide protection against your risk to that property. It makes sense to package this with general liability because there's a discount to bundle—maybe as much as 10 to 15 percent. If you're going to buy both, it makes sense to buy them both from the same company so you can get that discount."

Hodapp says that it's also a good idea to have general liability and auto

insurance written by the same company to avoid uncertainty. While some situations are straightforward—for example if you're driving a truck and there's an accident, the auto insurance would cover it—there is room for confusion.

"For instance, say you're not driving the truck, but you're unloading it—that's a gray area between general liability and auto," Hodapp explains. "Having the same insurance company write both of those policies takes away that gray area."

Other coverage

As part of general liability coverage, landscape contractors also want to make sure they have products liability and completed operations liability coverage. Claims or lawsuits resulting from injuries or damage to property caused by products you sell are covered by "products liability." In addition to the products sold, businesses also create potential liability exposure as a result of the work they do—known as "completed operations."

While these are some key coverage opportunities that should be added to a general liability policy, there are other optional liability coverages to consider. Hodapp says the most important is pesticide applicators coverage.



"It's important to realize that a general liability policy excludes pollution," Hodapp says. "But as a landscape contractor, it's likely that part of your job may be to apply chemicals. If you don't opt for any additional coverage, then you're not covered if something goes wrong—since the general policy excludes pollution. You need pesticide or herbicide applicator coverage, which amends the pollution exclusion of your policy."

This is an important point, as problems with chemicals may arise, Hodapp says. "Say you spray a yard and the residents downwind claim their property was damaged from the chemical traveling into their yard. It wasn't your original client, but you would be liable for that, making specialty coverage an important addition to your policy."

Some landscape businesses also may consider adding employment practices liability. "If allegations of wrongful discharge or harassment arise, this

would be the coverage that handles those situations," Hodapp explains.

Many Green Industry businesses also inquire about umbrella liability policies. This is a policy that "sits above" your general liability and auto insurance, he says. "With an umbrella policy, if you have a big loss that exceeds the limit of your policy, the umbrella may be available to provide liability coverage beyond those limits," Hodapp says. "It's an important option and is how you protect companies against the worst-case scenario."

While all of this coverage can add up expense-wise, Hodapp says companies that emphasize loss control will have the best success in keeping their rates down. Have good practices in place and focus on managing claim costs by emphasizing safety.

"You always want to make sure you're well covered," adds Hodapp. "Claims and lawsuits can easily cost much more than insurance coverage, so being well protected is critical."