### **Commercial Third Party Liability**

Sarajewo 19.02.1998 The Company agrees subject to the terms, exclusions and conditions contained herein to indemnify the Insured against all sums which the Insured shall become legally liable to pay as damages.....

### Legal Liability



- Written law
- Germany, France
- Law developed by the courts within a legal system

Common law

USA,UK

Legal

Liability

### Liability incurred out of

Contractual Liability

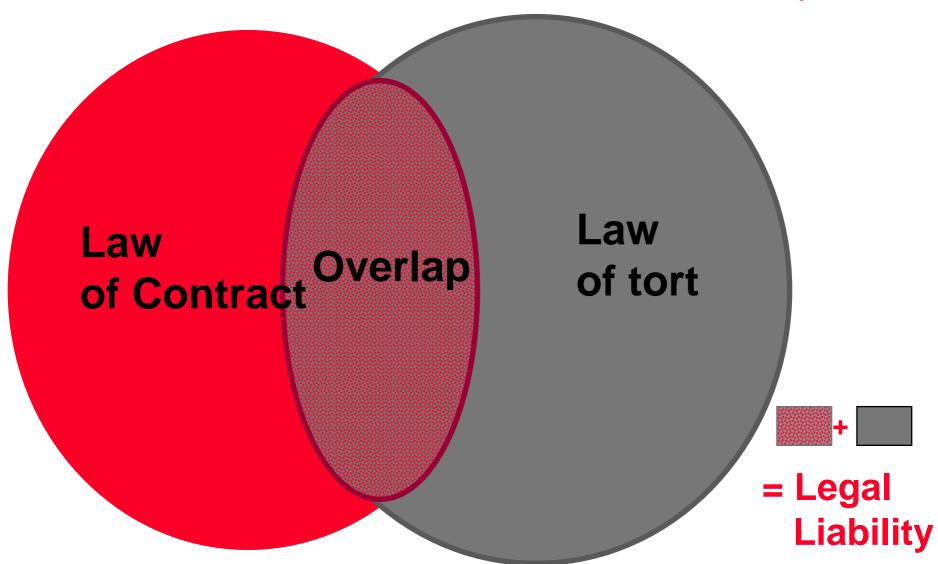
Liability in Tort

- Negligence
- Strict Liability



Legal

Liability





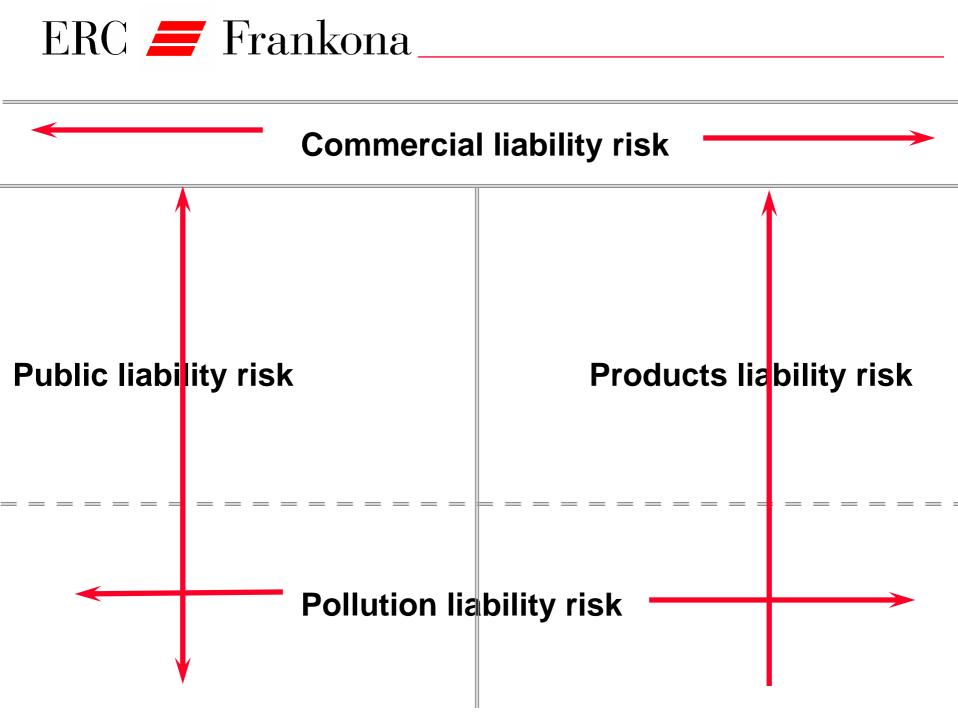


Commercial Third Party Liability Insurance is insurance in respect of claims against the owner of a business or other personnel arising from loss occurring in connection with the business activity

### ERC Frankona Commercial Third Party Liability

## Commercial liability insurance can be divided up into three areas of risk

- the public liability risk
- the products liability risk
- the pollution liability risk





The Public Liability risk is understood to mean the legal liability which can arise as a result of the operation of a business and which has its origin on the business premises or is incurred when the business activity is beeing performed elsewhere.

- the operating site(s) and the building situated on them, including all land and buildings or premises used for the business activities
- •for examplefactory sites, salesrooms, offices, storage areas for materials, products, waste
- any branch offices (including ones abroad)
- participation in exhibitions, fairs
- assembly work carried out off the premises

•all business equipment such as:
machinery, tools, vehicles, tanks and fuel
storage depots, social facilities such as canteens
kindergarden, safety arrangement such as fire
brigade, first aid posts with doctors, advertising
installations, animals used for the business
(guard dogs), railways within the company site

•all stuff, the owners, executives, white-collar and blue-collar workers, working for the business

## Standard Exclusions in International Liability Policies

- Bodily injury sustained by an employee arising out of and in course of his or her employment (a.) (Employer's Liability Policy)
- Any contract or agreement whether written verbal or implied unless such liability would have attached nonwithstanding any such contract or agreement. (b.)
- Motor vehicles for which compulsory insurance is required Aircraft Watercraft (e.)

## Standard Exclusions in International Liability Policies

- Losses caused by seepage pollution or contamination (g.)
- Nuclear damages I.)
- Damage to property in the Insured's care, custody or control (n.)



#### Schedule

Co. Ltd.  Product Liability and Public Liability Policy		
Schedule to the Policy		
Insured	Name: Address: Description of the Risk	
Territorial Limit:	Public Liability Product Liability	(Products made in0nly)
Policy Period:	Fromto	
limit of Indemnity:	Any one occurrenceAggregate during the Policy period for products Deductible %max	
Annual Premium:		
Address of Policy Issuing Office:		

### Types of damages covered by a Third Party Liability Policy

- Bodily Injury
- Property Damage

### Definition of Bodily Injury

Bodily Injury is defined as all physical injury to any person including death, sickness, disease or disability as well as all mental injury, anguish or shock resulting from such physical injury to that person

### Definition of Property Damage

Loss of or damage to any material property means, physical injury to or destruction of tangible property including the loss of use thereof resulting therefrom.

## Definition of Product

The word "Products" wherever used in this policy shall mean anything sold supplied, altered, constructed, manufactured, repaired, serviced, designed, tested, installed or processed by or on behalf of the Insured and which is not in the possession of the Insured at the time of the occurrence/accident.

Definition of the Products Liability risk

It is the legal liability which can arise as a result of products having been incorrectly designed and/ or constructed/manufactured and causing damage because a defect after they have left the entrepreneur's sphere of influence

### Where can the sources of fault lie in the manufacture of goods

- Faults in design
- Faults in Construction/ Manufacturing
- Faults in Instruction

### What is a fault in design?

If a mistake is made during a product's planning or conception, this is known as a "fault in design".

## What is a fault in constuction/production?

If a mistake is made during a product's production phase we call this a "fault in construction/production.

#### What is a fault in instruction?

If the manufacturer or seller gives incorrect information about a product or its use and this results in a loss without the product itself being defective, then this is a case of "fault in instruction".

# Special Exclusions in Products Liability

- damage to the product itself and/or any costs incurred to replace components or the the whole defective product
- products for use in aircraft
- nuclear products
- losses caused by products whose sale has been prohibited by the government

### Information about products risks

- the production programme
- the quantities produced
- how long the products have been manufactured
- where the products are supplied to
- what quality control arragements are there for the products
- > etc.

The Pollution liability risk

The pollution risk is understood to mean the responsibility for a loss arising from business operations and causing impairment of the environment

#### **Definition of pollution liability risk**

Pollution liability is the obligation to indemnify a loss which arises through noxious substances or noise altering or contaminating air, water or ground, or otherwise impairing the environment. The substances may be liquids, vapours, smoke, gases or any other conceivable matter

### Such cover does not include the following!

- pollution damage occurring gradually
- nuclear damage
- losses arising as a result of the Insured's knowingly departing from statutory regulations or ordinances

#### Questionnaire about pollution liability risks

- situation of the risk
- surrounding area
- storage of noxious substances
- fuel storage depots
- pipelines
- storage of waste
- > etc.

