



## **DIFFERENT WORKS**

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### **RLI HOME BUSINESS INSURANCE POLICY ADDITIONAL INSURED ENDORSEMENTS**

Reasons for wanting to add another party as an additional insured may include a desire to protect the other party due to a close relationship with that party, or to comply with a contractual agreement to do so. The intent is to protect these parties from liability arising out of the named insured's activities. Additional Insured status may reinforce risk transfer otherwise accomplished through hold harmless agreements. It may also give indemnities direct rights under the named insured's insurance, particularly with respect to defense coverage. Following is a brief review of the Additional Insured endorsements which can be used with the RLI Home Business Insurance Policy.

#### **I. Managers or Lessors of Premises**

This endorsement adds as an additional insured the owner (or owner's real estate manager) of the premises from whom the named insured leases property. Coverage is limited to liability arising out of the ownership, maintenance, or use of that part of the premises leased to the named insured. No coverage applies for the additional insured's liability arising from structural alterations, new construction, or demolition operations performed by or on behalf of the additional insured. Common uses for RLI policyholders include:

- a) named insured rents a house and adds the lessor.
- b) named insured exhibits at a craft fair and adds the owner of the property where the craft fair is held.

#### **II. Lessor of Leased Equipment**

Used when a person leases equipment (e.g. copy machine, postage meter) and is required to add the owner or lessor of the equipment as additional insured. Note the additional insured is not protected for bodily injury or property damage arising out of his sole negligence.

### III. Controlling Interest

Gives protection for the additional insured's liability arising out of (1) their financial control of the named insured, or (2) premises the additional insured owns, maintains or controls while the premises is leased or occupied by the named insured. Since financial control is defined as greater than 50% financial ownership, this prohibits us from using this endorsement for minority stockholders or large customers of the named insured.

We will use the Controlling Interest endorsement if an insured has items on consignment (i.e. the goods "occupy" the premises) or if the insured is temporarily doing work at a client's property (such as taping a promotional video). We will not allow this endorsement to be used to add large corporations (e.g. IBM) which employ independent contractors and have them work on site for months at a time, because we are concerned that adding these large companies makes it more likely the insured will be sued. These companies carry their own liability insurance.

### IV. Co-Owner of Premises

This endorsement is designed to protect an individual or entity whose sole interest in property is as co-owner. For example, it would be used when an unmarried couple owns a home together and one of them operates a home-based business; or if a house is owned by two sisters (living separately) and the one living in the house also operates a business from there and needs to add her sister as an additional insured.

### V. Owners or Other Interests From Whom Land Has Been Leased

This endorsement is almost identical to the Additional Insured - Managers or Lessors of Premises Endorsement. In fact, the only difference is that this one is designed for use when the subject is land, not premises.

### VI. State or Political Subdivision - Permits Relating to Premises

This endorsement is designed to protect the state or political subdivision whenever the named insured is performing work in connection with its own premises and the governmental entity requires proof of insurance. For example, a person participating in a craft show may be required to obtain a permit and name the county as an additional insured in order to put up its sign and booth.

## VII. Grantor of Franchise

This endorsement is used when the grantor of a franchise wishes to obtain some liability protection at the expense of the grantee. For example, a manufacturer who gives the retailer the right to use his name for the purpose of selling a product or service may request to be added as additional insured under the franchisee's policy.

## VIII. Dispatch or Referral

This endorsement is designed for mainly any service class that uses a referral service that requires to be named as an additional insured. Purchasing this endorsement constitutes a broadening of coverage. There are two versions of this endorsement.

BOP 424 automatically extends Additional Insured status to any entity that meets the conditions set forth in the endorsement for as long as they meet those conditions during the policy term.

BOP 431 is a schedule version whereby the Additional Insured must meet the endorsement conditions and be specifically named in the schedule on the endorsement.

## IX. Grantor Of License

Paragraph C. Who is An Insured in Section II- Liability is amended to include as an insured the person (s) or organizations (s) shown in the Schedule, but only with respect to their liability as grantor of a license to you.