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**THIRD PARTY  
LIABILITY**



PRODUCT  
FEATURES

# THIRD PARTY LIABILITY



*The insured is held harmless against claims from third parties resulting from events occurred during the course of the insured's activities, and for which the insured is liable according to the relevant articles of the Argentine Civil Code.*

# THIRD PARTY LIABILITY RESULTING FROM OPERATIONS

According to article 1109 of the Argentine Civil Code “Anyone who performs an act which, due to his fault or negligence harms another party, is obligated to repair the loss or damage”.

That subject, who by law is the “other”, is none other than the third party that figures in the Comprehensive General Liability policy wordings.

Comprehensive General Liability resulting from operations (or general) is that for which an organization must protect itself in order to safeguard its assets insofar these can be affected by damages caused to “another” or to the “third party” that it may inflict during the course of its specific activity. Hence the term “comprehensive” as it covers all the aspects of that activity.

Upon purchasing a Comprehensive General Liability policy, one must consider that a series of extensions not included in the basic coverage may need to be purchased, as otherwise the insured may be left unprotected.

## COVERAGE EXTENSIONS

These are some of the extensions that can be included in a Comprehensive General Liability policy:

- » Fire, lightning, explosion, electrical discharges, gas leakage.
- » Passenger and cargo elevators.
- » Steam boilers, hot water and/or hot oil installations.
- » Provision of free food and beverages.
- » Travelling salesmen, executives or employees.
- » Billboards, signs and alike.
- » Loading and unloading of goods outside the insured's premises.
- » Pipe breakage.
- » Firearms.
- » Cranes, forklifts,
- » Sudden and Accidental pollution and contamination.
- » Storage and/or keeping of vehicles free of charge.



## PRODUCT LIABILITY

This coverage acts as an extension to a company's Comprehensive General Liability insurance policy. As indicated by the name, it covers the insured against loss of damage to third parties caused exclusively by the manufactured, distributed and/or sold product. The scope of this coverage also includes products that, even though manufactured by a party other than the insured as a result of an outsourcing agreement, are distributed or sold by the insured under his brand or license.

Regarding the covered and excluded perils, some aspects of the coverage are commonly misinterpreted, which we shall try to clarify:

Firstly, a loss occurs from the moment a third party is effectively suffers a loss, in other words, when the product has been delivered and/or launched in the market, is in possession of a consumer, and has been used by him/her. A loss is not considered to be such if the flaw in the product has been detected before it has been sold and therefore "rescued" from the market in time.

It must be noted that the cost of products recall from the market are generally not covered by product Liability policies.

## OCCURRENCE

This basis of coverage applies to all Malpractice and Directors and Officers Liability covers and is beginning to be commonly used in product Liability. In what we call “common” Liability covers, these are written on a claims occurrence basis, meaning that at the moment the event occurs a policy covering the insured must be in place. It is irrelevant that the policy may have expired when the third party presents its claim.



## CLAIMS MADE

On the other hand, in policies written on a claims made basis not only must a policy be in place at the moment the event occurs, one must be in place at the moment a claim is presented by a third party. Alternatively, if the coverage has not been renewed, the insured must have purchased an extended loss-reporting period.

Upon purchasing an insurance policy from a carrier imposing claims made wordings, the following aspects must always be considered:

- » That the insured have the option of purchasing an extended loss reporting period, regardless of whether the insured or the carrier has decided not to renew the policy.
- » Establish beforehand, upon purchasing the coverage, the price of the extended loss-reporting cover.



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