

## **Anatomy of a Liability Insurance Policy**

### **Part 4: The Remainder of the Policy**

A liability insurance policy confers benefits upon the policyholder in the Insuring Agreement. The remainder of the policy narrows the scope of these primary promises. These restriction to coverage include Declarations, Exclusions, Definitions, Conditions, Limitations and Endorsements.

**Definitions:** Many words in the policy are ascribed meaning which is more limited than a reader might otherwise expect. Defined terms used throughout the policy usually appear in quotation marks. Analyzing coverage requires an understanding of defined words and phrases.

**Limitations:** There are limits to what one can expect from a liability policy, such as the maximum amount the insurer will pay, known as the policy limit. The policy limit is usually stated in the declarations.

**Exclusions:** The exclusions describe exceptions to the otherwise broad promise to indemnify. A useful explanation of exclusions is to think of them as a laundry list of other policies one can buy. For example, if one wants worker's compensation insurance, one can buy a different policy, but worker's compensation insurance is usually not covered in most other policies (except homeowner's policies).

**Conditions:** The conditions describe what the policyholder must do to perfect coverage, such as paying the premium and notifying the company of important events.

**Endorsements:** Endorsements typically add wholly new terms or delete and replace standard language in the policy.

**Declarations:** The Declarations page(s) have variables which personalize the policy, such as the name of the insured (who), the policy period (when), the policy limit (amount of insurer's obligation to pay), the deductible (amount of policyholder's obligation to pay), and more. Importantly, the declarations include a list of policy forms which comprise the complete policy. Accurately analyzing coverage should start by confirming that all of the forms identified in the Declarations are in fact present in the stack of paper purporting to constitute the policy.

Analyzing the remainder of the policy as the language might impact the duty to indemnify can be exceedingly complex, and exceeds the scope of this Web Site. Those readers who need guidance analyzing the duty to indemnify should consult Croskey et al., Cal. Practice Guide: Insurance Litigation (The Rutter Group 2015) or hire a coverage expert.