

What is an Additional Insured? Good Question, in More Ways Than One

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PHOENIX (H&U) –

The title of this article is, "What is an **Additional Insured**? Good Question, in More Ways Than One." What do we mean by "in more ways than one"?

Well, most often, when someone asks a question of an expert and that expert replies, "Good question," he or she is saying it in the sense of encouraging the questioner to

ask more such questions that the expert finds rather easy to demystify with a definitive answer. There's another sense we're all familiar with though. That's when "Good question" means not so much to encourage but more to impart in tone that the answer is elusive including for the expert(s). Well, "**Additional Insured**" fits both of those senses.

Scope

This topic is huge. We could easily fill a sizable book with it. So, keep in mind that because this is only going to be short-article length, we won't be even scratching the surface of all the ins and outs concerning **Additional**

Insureds. We will attempt to touch upon the main highlights with the view of getting you and keeping you at least in the proper starting place. Start from the wrong spot and you could easily have a mess on your hands.

Additional Named Insured versus Additional Insured

This subtopic is likewise huge; but if we can boil it down, it will serve to also introduce the basic concept of **Additional Insured** while hopefully reasonably differentiating the two main types.

In a nutshell, an **Additional Insured** is an entity that along with the policyholder, is also covered by the policy. Also in a nutshell, and **Additional Named Insured** is covered by the policy much as the policyholder (with

policyholder responsibilities).

In a family/personal insurance setting, the parents will often both be Named Insureds, with one of them being the **First Named Insured** and the other being the **Additional Named Insured**, and with the children, particularly minors, being only **Additional Insureds** (meaning without the parental responsibilities that accompany the policyholder/Named-Insured position).

Commercial

The application of **Additional Insured** versus **First Named Insured** and **Additional Named Insured** isn't terribly complicated in the personal lines/family setting

briefly outlined above. However, when the terms and concepts are applied in the commercial sector, the second type of "Good question" is really justified.

Indemnity, Additional Insured, Additional Named Insured

"We're now going briefly to deal with contractual relationships between or among parties that for most legal purposes are considered arms-length (for instance, where they are not parent company and subsidiary(s)).

Contracts can be highly complicated and remain subject to, among other things, interpretation and local and state laws. Generally though, parties often provide that one will

indemnify the other. Typically, it means one party will agree to defend the other and cover any losses that would otherwise occur without the indemnity clause in the agreement. The concept of adding a party to an insurance policy to, may we say, enhance the indemnification in where the **Additional Insured** concept enters in, in actual application.

Confusion

There appear to be two main areas of confusion

policy or 2) when would you want to be named as such on

concerning **Additional Insureds**. One is when to use **Additional Named Insured**. The other is what is covered via adding an Insured.

Based upon what has already been said in this article, the first should be the easier of the two to understand. Thinking back to the personal/family insurance simplification above, 1) when would you want to have some arms-length entity as an additional policyholder with you and with all or most of the responsibilities for the

some other entity's policy? We can't answer that here, of course. Suffice it to say though that this is the exception — that you would rarely want to do this and especially not likely without detailed, contractual, legal advice.

So, the first is easier to see from the family-insurance example and triggers notes of caution concerning potentially unwanted legal entanglements. What of the second: **Additional Insured**?

Commercial Additional Insured

Here's where you'd like things to be easy and clear, but they aren't. Here's why. A another party and you are entering into a contract. You both agree that the other party will be added (via endorsement) to your policy as an **Additional Insured**. Sounds like a done-deal, but there's

the carrier whose current definition of "**Additional Insured**" by virtue of the carrier's/Insurer's Endorsement Form may not jibe with the contracting parties' idea nearly closely enough for the purposes of the contract in the first place.

Operative Condition and/or Timing

Perhaps time is truly of the essence, and you really need to get going with the contract. You may feel compelled to risk it that the Insurer's **Additional Insured** definition will satisfy your contract or not. Question: If it doesn't,

will that void or breach the contract? Will work continue pending a reasonable remedy, or will the parties walk away from the contract? Who will be liable for what losses, etc.? Yes, it can be complicated and sticky.

Endorsement First

If possible, if time and other factors allow, if you are not interested in taking the risks mentioned above, then read the Insurer's Endorsement Form first and incorporate it into your contract. Get the Insurer to agree in writing to

any alterations that suit your contractual needs. Doing these things will greatly reduce risks and help to avoid confusing and perhaps protracted legal actions.

Legal Advice

Hill & Usher is not a law firm. We don't practice law. We recommend that you seek legal advice from those who are licensed to practice law and who are expert in this legal/insurance area.

We hope we've helped to make a complicated area considerably less confusing to you and that we've zeroed in on exactly the right starting place to help to attempt to keep your organization on the path of manageable risk and proper risk transfer/insurance.

Contract-Endorsement Comparisons/Coordination

If you need assistance with this, we are available to overview the insurance sections of contracts for purposes of helping you negotiate the minefield. Please note that Hill & Usher has a particular specialty with Construction Contracts and Insurance. Please don't hesitate to contact us concerning these areas.

We hope you've enjoyed this article. Please be aware that we have many other articles on a variety of topics and are constantly adding to the list. You'll find them on our website. Please visit often, and inform your family, friends, and co-workers, etc.

From Hill & Usher, thank you.

Contact Us Right Now

Hints:

In newer versions of Adobe Reader and Adobe Acrobat:

1. Save your work-in-progress: Menu > File > Save.
2. Menu > Edit > Preferences > Forms > Auto-Complete > Basic: "The basic auto-complete feature stores the information you enter into form fields and uses these entries to suggest relevant choices as you type into a field. Once you enter a character into a field, a drop-down box displays

larger list of possible matches."

3. Menu > Edit > Preferences > Forms > Auto-Complete > Advanced: "The advanced auto-complete feature stores the information you enter into form fields and uses these entries to suggest relevant choices as you type into a field. If there are probable matches for a field, tabbing into that field will automatically display a list of them. If there is a very probable match, it will be entered in the field automatically.

a list of only the most probable matches. Double-click or press Down Arrow in an empty field to display an even

Pressing Tab while the pointer is over an entry in the list chooses the entry and moves to the next field."

Remarks	
Date	Month Day Year (yyyy)
If you know your Hill & Usher Account Number, please enter it now. Other-wise, skip to the next section.	
Attached to Pre-existing First Named Insured (if any)	
Full Legal Name	
Primary Contact	
Primary Contact data already on file with Hill & Usher	<p style="text-align: center;">Yes No</p> <hr/> <p>If "Yes" and if you've entered above 1) the applicable Hill & Usher Account Number or 2) the full legal name of the Pre-existing First Named Insured, then skip the rest of this Primary Contact section, enter any desired remarks, and submit the form.</p> <p>If you are unsure of any applicable Hill & Usher Account Number or whether there is a Pre-existing First Named Insured, please fill out this Primary Contact section.</p>
Type	<p style="text-align: center;">First Named Insured Co-Insured Other</p> <p style="text-align: center;">Not Selected</p>
First Name	
Middle Initial	
Last Name	
Home Telephone	

(10 digits)	
Cell (10 digits)	
Business Telephone (10 digits)	
Fax (10 digits)	
Email	
Preferred Method for Contact	<input type="checkbox"/> Home Phone <input type="checkbox"/> Cell <input type="checkbox"/> Business Phone <input type="checkbox"/> Email Not Selected
Contact at Work	<input type="checkbox"/> Contact at work anytime <input type="checkbox"/> Contact at work only for emergencies <input type="checkbox"/> Never attempt to contact at work under any circumstances <input type="checkbox"/> Not Selected

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