

5 General Liability Exposures to Know

Almost every organization has commercial liability loss exposures. A commercial liability loss exposure is a condition or situation that presents the possibility that an organization will be held legally or financially responsible for injury, harm or damage to another party.

Here are the most common types of general liability exposures and potential consequences.

Premises liability—The premises liability exposure refers to an organization’s responsibility for third-party injuries that happen on a property due to a dangerous condition (i.e., tripping and hurting themselves at the store).

Operational liability—The operations liability exposure refers to the possibility that an organization will be held liable because of bodily injury or property damage stemming from their ongoing operations.

Products liability—Products liability refers to the loss exposure an organization faces as a result of manufacturing, distributing or selling an unsafe or defective product. Any organization that makes or sells products is at risk.

Completed operations liability—The completed operations liability exposure refers to injuries or damages incurred by a third party resulting from work (including construction work) that has been finished, turned over to the purchaser or client, and/or put to its intended use.

Contractual Liability—By agreeing to contractual terms, organizations take on loss exposures which could leave them legally liable if the other parties in the contract believe they have not fulfilled their obligations under the agreement.



In the event of a loss, organizations may face a variety of consequences, such as:

Damages—If a court deems an organization is responsible, that organization may be held financially responsible for paying damages to the harmed or injured party.

Defense costs—Whether or not an organization is deemed liable for a loss, it may need to pay legal defense costs and the costs associated with the claim.

Reputational harm—As a result of general liability losses, organizations may experience reputational harm, including but not limited to the loss of business, decreased employee retention, and a loss of consumer loyalty and investor trust.

For further guidance on reducing liability loss exposures, contact us today.

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