



Think Your Business is Covered? Think Again

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Recently, the Tenth District Court of Appeals reaffirmed the notion of what is (and what is not) covered by a business's commercial general liability (CGL) insurance policy. Oftentimes, businesses think they are covered for potential claims, only to find out that there is no coverage. This is a common mistake, made by countless businesses, with potential for catastrophic results.

In the case of [Allied Roofing, Inc. v. Western Reserve Group](#) (2013-Ohio-1637), the Tenth District found that there was no insurance coverage which would provide relief to Allied Roofing for a claim made by a customer. Allied Roofing, a roofing contractor, hired a subcontractor, Michael Beish, to perform work on a roof in the Columbus area. As part of his work, it was necessary for Beish to remove, and then reinstall, rooftop air conditioning units. Somewhere along the line, Beish damaged the units, causing approximately \$10,000 worth of damage. Allied reimbursed the property owner for Beish's damages and then filed a claim to recover those funds from Beish's insurance carrier, Western Reserve Group. The carrier denied the claim and litigation ensued.

Beish's policy included language which provided that Western Reserve Group would pay for damages due to bodily injury or property damage caused by an "occurrence." The question became whether or not Beish's conduct constituted an "occurrence."

The Supreme Court of Ohio has previously noted that CGL policies are intended to cover truly accidental property damage and not damages that were caused by the insured. In other words, CGL policies do not provide coverage for defective construction or workmanship. The Tenth District applied this authority to the Allied Roofing case and determined that, since the damage had been caused by Beish, the damage came from a process controlled by the insured. Beish created the problem when he damaged the air conditioning units and, because of that, there would be no coverage under the CGL.

This is important on two different levels. Allied Roofing, as the company hiring the subcontractor, may well have to shoulder the burden of the financial loss if it cannot obtain recovery directly from Beish. Beish, on the other hand, is subject to financial

exposure and could be required to pay back the money to Allied Roofing. In either situation, it is safe to presume that both Allied Roofing and Beish were under the impression that there would be insurance coverage to protect them in the event that something went wrong. Careful and close examination of insurance policies is essential to truly manage risk.