



Insurance

Torts
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Konomark
Most rights sharable

Terminology ...

Insurance:

Insurance is an arrangement whereby some firm or agency guarantees compensation in the case of some specified loss or damage that is possible in the future – not because of fault, but because of the agreement to do so, generally in exchange for a payment called a premium.

Insurance coverage:

"[I]n the insurance context, coverage is defined as the '[i]nclusion of a risk under an insurance policy; the risks within the scope of an insurance policy.'"

Southern-Owners Ins. Co. v. Easdon Rhodes & Assocs. LLC, 872 F.3d 1161, 1165 (11th Cir. 2017) (quoting Black's Law Dictionary, 10th ed.)

Some key things you should know about insurance:

- endorsements
- incentives
- regulation

What is an endorsement?

“[T]he meaning of the word "endorsement" in the insurance context is well-known ... ‘a provision added to an insurance contract altering its scope or application[.]’”

Van Erden v. Sobczak, 271 Wis. 2d 163, 178 (2004)
(quoting Webster's Third New International Dictionary)

Why care about endorsements?

- Contracts sometimes include an obligation to procure insurance from a third-party insurance company.
 - This might be part of a tort-liability risk management strategy.
 - For example, your client, a toy store, will only agree to sell a new toy if the manufacturer will put the toy store on its products liability insurance policy. As a result, the negotiated contract between the store and the manufacturer provides for this.
- Such a contractual obligation can be worthless if breached!
 - Consider that if your client just wanted the contracting party to cover a loss, the contract could have just provided for that. The benefit of an insurance policy is that there's a financially solvent third-party insurance company that can pay the claim.
- To protect the client's interest in getting the benefit of insurance, you must get the endorsement from the insurance company.

POLICY NUMBER: 10 CSE C 121E
ENST. #7

THE HARTFORD

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY

ADDITIONAL INSURED - EMPLOYEES ENDORSEMENT

IT IS AGREED THAT THE "PERSONS INSURED" PROVISION IS AMENDED TO INCLUDE ANY EMPLOYEE OF THE NAMED INSURED WHILE ACTING WITHIN THE SCOPE OF HIS DUTIES AS SUCH.

THE INSURANCE AFFORDED BY THIS ENDORSEMENT ALSO APPLIES TO ANY STUDENT OR STUDENT TEACHER WHILE ACTING AT THE DIRECTION OF THE NAMED INSURED AT THE NAMED INSURED'S HEALTH CARE FACILITIES OR OTHERWISE ACTING ON BEHALF OF THE NAMED INSURED.

This endorsement does not change the policy except as shown.

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Form IH 12 01 11 85 Printed in U.S.A.

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TG INTERNATIONAL INSURANCE BROKERAGE, INC.
Policy GO-609

ENDORSEMENT #1
NAMED PERILS PROGRAM CERTIFICATE

The above referenced certificate is hereby endorsed to include the following:

TRANSIT CLAUSE: Coverage attaches from the time the goods leave the origin designated on the certificate for the commencement of the transit, and continues until the goods are delivered to consignee, consignee's residence, or other final warehouse or place of storage at the destination named on the certificate.

- (A) Insurance coverage terminates on the date/time shipment is accessed.
- (B) Insurance coverage terminates immediately if any of the Insured property is released from the Through Bill of Lading Household Goods Carrier to named insured or their designated representative while shipment is enroute to destination.
- (C) Does not cover goods while in storage.

All other terms and conditions of coverage remain unchanged.

EFFECTIVE DATE OF THIS ENDORSEMENT IS: August 8, 2002

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF THE CERTIFICATE.

BROKER: TG INTERNATIONAL INSURANCE BROKERAGE, INC.

ADDRESS: 27352 CALLE ARROYO, SAN JUAN CAPISTRANO, CA U.S.A.

DATE OF ISSUANCE: August 8, 2002

AUTHORIZED SIGNATURE: Sandra S. Noonan
Sandra S. Noonan

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太阳能电池生产企业产品责任保险证明
**CERTIFICATE OF PRODUCTS LIABILITY
 INSURANCE**

Ref. No. SDCLP09000059S

有效期至	Valid to	May 7 th , 2010	产品类型/型号	太阳能电池片, 太阳能电池组件
企业名称:	Zhejiang Shuqimeng Photovoltaic Technology Co., Ltd.	Holder	Product	SOLAR CELL, SOLAR MODULE
生产基地	浙江省萧山区南阳经济开发区	Manufacturing Plant	追溯日期	Retroactive Date of
	Nanyang Economics Development Zone, Xiaoshan, Hangzhou, Zhejiang, China		Product	From May 8 th , 2008
保证方式	产品责任保险	Warranty Style	Product	Product
	Products Liability Insurance		保险公司	Sun Alliance Insurance (China) Limited

保险范围
 Scope of Cover (Liabilities which are Insured)

Legally liable to pay in respect of claims made against the Insured arising from bodily injury to or illness or death of or loss of or damage to property of one or more persons using, consuming or handling the insured products or goods, or of any other persons consequent upon an occurrence taking place in the territory of coverage within the period of insurance caused by products or goods manufactured or sold by the Insured stated in the Schedule.

In respect of any claim covered under this Policy, the Company shall in addition indemnify the Insured against the relevant legal costs payable by the Insured and other expenses incurred in the above mentioned occurrence with the prior written consent of the Company.

备注:
 上述列明的该企业所生产、销售的产品已由以上保险公司提供产品责任保险。
 All the aforementioned products of the Holder are covered by the Products Liability Insurance Policy issued by the Insurers above.

授权签署
 日期: 2009.5.8
 Date: May 8th, 2009

Chief Account Manager

需要了解更多信息或关于超出本证书文件有效期的情况, 请登陆本公司官方网站及网 www.allianz.com
 If you wish to find out more about our service or a list of exclusions of this policy, please log onto our official website at www.allianz.com

上海安联保险经纪有限公司 Allmost Insurance Brokers & Consultants Co., Ltd.
 16F, Tower B Ding Plaza, No. 555, Pudong Avenue, Shanghai 200120, P. R. C. Tel: (86 21) 5175 5111 Fax: (86 21) 41346054-428

有效期至	Valid to	May 7 th , 2010	产品类型/型号	太阳能电池片, 太阳能电池组件
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About incentives ...

- There is generally an asymmetry of incentives and bargaining power between insurance companies and consumers.
- Insurance companies often have the bargaining power to set the terms of the policy.
- Insurance companies have incentive to
 - Sell more policies
 - Avoid paying claims
- Insurance companies can do this by being clever about "fine print" in the insurance policy and by dragging their feet on paying claims,

About incentives ...

- Insurance customers have the incentive to
 - Not buy insurance until they need it
 - Avoid seeming risky
 - Take less care when insured
- IOW, both sides have incentives:
 - to hide what they know
 - otherwise take the risk out of risk

About regulation ...

- Insurance is heavily regulated at state level
- Regulation limits "fine print" subversions of bargain by insurers
- Regulation may compel insurers to pay claims without litigation

About regulation ...

- Regulation may force customers to purchase insurance in order to:
 - Keep premiums affordable
 - (e.g., original Affordable Care Act's individual mandate)
 - Rationale: If only ultra-risky people buy insurance, premiums will be ultra high.
 - Provide a source of payment for third parties
 - (e.g., auto liability insurance)

Review question:

- Hexetron Mfg's sales contract with Geno's General Store obligates Hexetron to add Geno's to its products liability policy with IIG Insurance Co.
- Hexetron never follows through on this.
- Geno's incurs a huge products liability judgment. And now Hexetron is insolvent. Can Geno's recover from IIG?

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- Hexetron never follows through on this.
- Geno's incurs a huge products liability judgment. And now Hexetron is insolvent. Can Geno's recover from IIG?
- **NO. Geno's should have gotten the endorsement! Without it, Geno's is not insured and gets no benefit of insurance.**