



Commercial general liability insurance

Business Insurance

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A Commercial General Liability (CGL) policy protects your business from financial loss if you are liable for property damage, bodily injury, or personal and advertising injury caused by your services, business operations, or employees. It covers *non-professional* negligent acts, making it a foundational part of managing your business risk.

Here are just a few examples of situations in which your business could be responsible for paying various costs, such as medical and legal expenses, as well as compensatory and punitive damages

- A customer trips on loose flooring while visiting your business and is injured.
- An employee in your painting or construction business accidentally leaves water running, causing substantial damage to a customer's home.
- A class action lawsuit is filed against your business, alleging advertisements constituted misleading information.

Keep in mind that CGL generally does not cover professional errors, intentional acts, employee injuries, or certain cyber and pollution claims, those require separate coverage. Limits, deductibles, and endorsements vary, so it's important to review your policy with an insurance professional to ensure your coverage fits your business needs.

What commercial general liability insurance covers

A CGL insurance policy typically covers the costs of your legal defense and pays damages on your behalf if you are found liable up to your policy limits. CGL is one of the most important insurance products because liability suits are common and can have a significant financial impact on a business. Standard CGL policy include:

Coverage A: Bodily Injury and Property Damage Liability

This coverage protects against losses arising from non-professional negligent acts that cause bodily injury or property damage to others, including incidents on your premises or resulting from your business operations. Mental or emotional injuries may also be considered bodily injury, even without physical harm.

Certain exposures are excluded from standard CGL, including workers' compensation, employment practices liability, professional liability, liquor liability, cyber liability, and pollution liability. Limited pollution coverage may sometimes be added via endorsement, but high-risk businesses should consider a separate pollution policy. Businesses providing professional advice or services should obtain Errors & Omissions (E&O) insurance to cover professional mistakes. Cyber risks, such as data breaches, are generally not covered and may require separate cyber liability insurance.

If your business operates from home, CGL coverage may interact with your homeowners policy, and certain endorsements may be needed to ensure your home-based business is properly protected. Because policy limits, endorsements, and coverage options vary widely, it's important to review your CGL policy with an insurance professional to make sure it meets your specific business needs.

Coverage B: Personal and Advertising Injury

Coverage B protects your business against liability for certain offenses, including:

- Libel and slander
- False arrest or detention
- Copyright or intellectual property infringement
- Malicious prosecution
- Use of another's advertising idea

- Wrongful eviction, entry, or invasion of privacy

CGL policies may also provide limited coverage for privacy violations or online defamation, though businesses with significant online activity should consider cyber liability insurance for broader protection. Coverage is subject to your policy limits, and intentional acts or professional errors are generally excluded.

Coverage C: Medical Payments

This coverage provides limited medical payments for injuries sustained by non-employees caused by an accident on your premises, arising from your business operations, or, in some cases, resulting from your products or completed operations. Coverage applies on a no-fault basis, so claims can be paid promptly without litigation. It typically pays for reasonable medical, surgical, ambulance, hospital, professional nursing, and funeral expenses.

Coverage C does not provide legal defense or liability protection like Coverage A (Bodily Injury & Property Damage) or Coverage B (Personal & Advertising Injury). Limits are generally modest, so large claims would fall under other parts of your CGL policy. Injuries to employees are excluded, as those are covered by workers' compensation. If you operate a home-based business, discuss with an insurance professional to ensure your Coverage C applies correctly to your business activities at home.

Purchasing commercial general liability insurance

You can purchase commercial general liability insurance in several ways: as a stand-alone CGL policy, as part of a Business Owners Policy (BOP) or through a Commercial Package Policy (CPP). A BOP often works well for small or lower-risk businesses because it bundles general liability with property and business interruption coverage. Larger or higher-risk businesses may prefer a CPP, which offers greater flexibility in limits and coverage options, as well as the ability to tailor specific endorsements. Increasingly, insurers provide online applications, digital quoting and binding, and more customization tools to help business owners compare and select coverage. Work with an insurance professional to determine the best structure for your business and whether you need additional coverages such as cyber liability, pollution coverage, or expanded products and completed operations protection. If your CGL, BOP, or CPP does not provide sufficient limits, you may also want to consider a commercial umbrella policy for additional protection.

Additional liability coverages to consider

Depending on your type of business, you may want to consider additional liability coverage that is not part of commercial general liability insurance. Talk with your insurance professional, risk manager and/or legal counsel regarding the types of coverages that you may need. The following is not exhaustive, but key types of insurance to consider include:

Directors and Officers liability

Directors & Officers (D&O) Liability insurance protects current, past and future directors and officers of for-profit or nonprofit organizations from damages resulting from alleged or actual wrongful acts committed in their positions (such as errors, misstatements, omissions, misleading statements or breaches of duty). Some policies extend coverage to the organization or to employees in certain roles.

In recent years, new exposures have emerged including ESG claims, AI-related misconduct, regulatory enforcement, global insolvencies and cyber/tech risks, which mean that D&O coverage now often needs to be broader and more tailored.

Liquor liability

If your business sells, serves, or provides alcohol, like a bar, restaurant, brewery, catering company, or event venue, you may need liquor liability insurance. This coverage helps protect you if a customer becomes intoxicated and causes injury or property damage to themselves or someone else. Without this protection, your business could be held responsible for medical bills, legal costs, and damages.

A standard commercial general liability (CGL) policy does not usually cover alcohol-related incidents if your business is involved in selling or serving alcohol. Liquor liability coverage can be added to your existing policy or purchased separately, depending on the type of business and the insurer.

Insurance companies look at things like the type of business, how much of your revenue comes from alcohol sales, your location and applicable laws, and your security and safety practices (such as trained staff, ID checks, and handling intoxicated customers). Having good safety procedures in place may help you qualify for better coverage and pricing.

Pollution liability

Pollution liability insurance helps protect your business if your operations, property, or projects cause environmental damage. This includes both sudden or gradual pollution and can cover costs like cleanup, property damage, or bodily injury to others. Importantly, it also helps protect your business assets from unexpected environmental exposures that could significantly impact your earnings.

Businesses that often need this coverage include property owners, managers, developers, manufacturers, and industrial operations. With environmental risks rising — such as climate-driven storms, older contamination issues, and new regulations — insurance companies are paying closer attention to safety measures, approved contractors, and potential pollutant exposures.

Coverage can vary by location and type of business. Some risks may require extra endorsements or a separate policy, and premiums may be higher in areas or industries with greater exposure. An insurance professional can help you determine the right coverage for your specific business and environmental risks.

Other Business Liability Coverages to Consider

1. Professional Liability / Errors & Omissions (E&O) Insurance

If your business provides professional advice or services, this coverage protects you if a client claims you made a mistake, were negligent, or failed to perform as promised. Examples include consultants, accountants, architects, IT service providers, and healthcare professionals.

2. Cyber Liability / Data Breach Insurance

Protects your business if sensitive data is stolen or compromised, or if you are the target of a cyber attack like ransomware. It can cover legal costs, notification expenses, and damages to third parties affected by the breach.

3. Employment Practices Liability Insurance (EPLI)

Covers claims from employees related to discrimination, harassment, wrongful termination, or retaliation. This insurance helps protect your business from costly lawsuits and settlements.

4. Workersâ€™ Compensation

Covers medical expenses and lost wages if an employee is injured on the job. Required in most states, it ensures employees are protected while limiting the businessâ€™s liability.

5. Business Auto Liability

Covers bodily injury or property damage caused by vehicles owned, leased, or used by your business.

6. Umbrella / Excess Liability

Provides extra coverage limits above your primary policies, such as general liability, auto, or employersâ€™ liability. Useful for large claims or lawsuits that exceed your standard policy limits.

7. Product Liability

Protects your business if a product you manufacture, sell, or distribute causes injury or property damage. Some products may require a separate policy if the risk is high.

8. **Fiduciary Liability**

Protects plan administrators from claims related to mismanagement of employee benefit plans, such as 401(k)s or pensions.

9. **Crime/Employee Dishonesty Coverage**

Protects your business from financial losses caused by theft, fraud, embezzlement, or forgery by employees or third parties.

10. **Key Person / Business Continuity Insurance**

Provides financial protection if a key executive or owner becomes unable to work due to illness or death, helping the business survive and maintain operations.

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