

## **General Liability Insurance**

### ***Additional Insured (Insurance) vs. Contractual Liability (Indemnification)***

	<b><i>Additional Insured</i></b>	<b><i>Contractual Liability (Indemnification)</i></b>
Contractual Relationship	The insurer has a direct obligation to defend an additional insured and pay damages for which the additional insured is liable.	The contractual relationship is between the insurer and the indemnitor. The insurer has no direct obligation to the indemnitee. The insurer is funding the indemnitor's contractual obligation to the indemnitee.
Duty to Defend	Insurer must provide a defense.	The indemnitee provides its own defense; the insurer funds the indemnitor's obligation to the indemnitee.
Effect of Defense Costs on Limits	Defense for the additional insured is outside the limits and does not reduce them.	Defense costs for the indemnitee are treated as damages and reduce the limits. (There are a few exceptions.)
Control of Defense	The insurer controls the defense and selects counsel.	The indemnitee controls the defense and selects counsel.
Pay on Behalf Of vs. Indemnification	The insurer pays directly.	Technically, the indemnitee pays and is reimbursed by the indemnitor's insurer on behalf of the indemnitor.
Policy Limits vs. Obligation	The insurer's obligation ends when the limits are exhausted.	The indemnitor is liable for indemnification that exceeds the policy limits.
Coverage vs. Obligation	Coverage for the additional insured is subject to all policy exclusions.	Contractual liability coverage is subject to the policy exclusions. The indemnitor is liable for indemnification even if there is no coverage because of policy exclusions.
Policy Exclusions	Apply to both the named insured and the additional insured. The additional insured endorsement may have other exclusions that apply to the additional insured only.	Policy exclusions apply to contractual liability; the indemnitor is obligated under the agreement to provide indemnification whether or not the contractual liability covers it.