



Does the CGL policy provide liability coverage for the alleged damages?

The cost of replacing the hardwood floor is covered, but not the cost of the hot water heater. A CGL policy typically excludes coverage for damage to the insured's product (the hot water heater). The intent of the exclusion is to bar coverage of claims that merely seek to repair or replace the insured's defective product or correct its faulty work. The CGL policy, however, will cover claims alleging either bodily injury or property damage to a third party caused by either the insured's defective product or its faulty work. This type of claim for third party damage is covered under the products-completed operations hazard and is subject to that limit of liability.

See AEI's *Law of Insurance: General Liability* Course, Para. 2.02 Products – Completed Operations Coverage, Para. 3.08 Damage to Your Product Exclusion, and 3.09 Damage to Your Work Exclusion.

Learn More About AEI's Law of Insurance: General Liability Self-Study Course

AEI's [*Law of Insurance: General Liability*](#) course provides an in depth analysis of the Commercial General Liability (CGL) insurance policy, including Bodily Injury and Property Damage, Coverage A, Personal and Advertising Injury Liability, Coverage B, Medical Payments, Coverage C, Policy Conditions, and Exclusions. Understanding the terms and provisions of an insurance policy enable the claims professional to recognize and resolve coverage issues early in the claims process and avoid costly mistakes.

This is just one example of how AEI's convenient self-study courses and [programs](#) can increase your claims law knowledge. For more information on the entire Liability program, click [here](#).