



TONRY TOPICS

Per Project or Per Policy Aggregate: General Liability Considerations for Construction Professionals

Our previous “Often Overlooked Coverages for Construction Professionals” article listed a **Per Project Aggregate** as an often overlooked coverage. This article expands on the importance of having a per project aggregate for your general liability policy.

First, let’s review the limits defined in a typical general liability policy.

- **General Aggregate Limit** is the maximum amount an insurance carrier will pay during the policy period. If your general aggregate limit is \$1,000,000, coverage is available to make payments up to that amount throughout the policy year. Individual claims cannot be more than the each occurrence limit (two bullet points down) as well as not be part of the products/completed operations aggregate limit (see directly below).
- **Products/Completed Operations Aggregate Limit** is the most the insurer will pay throughout a policy period for damages from bodily injury or property damage arising out of products-completed operations hazard. Claims filed under this limit do not reduce the general aggregate limit, only the products/completed operations aggregate limit. You can think of the General Aggregate Limit and Products/Completed Operations Aggregate Limit as two separate trays of donuts: when you take a donut from the General Aggregate Limit it reduces the number of donuts in that tray. Because you did not take a

donut from the Products/Completed Operations Aggregate tray, the tray would remain with the same number of donuts.

- **Each Occurrence Limit** is the most an insurer is obligated to pay for any one “occurrence” for damages under Coverage A Bodily Injury and Property Damage as well as expenses paid for Coverage C Medical Payments. The definition of what is considered an “occurrence” is beyond the scope of this article.

When is a **per project aggregate** limit offered and why is it important?

Per project aggregate limits are offered by a number of insurance companies who insure contractors. Most contractors have more than one project in progress at a time. Knowing this, many project owners require the contractor to have a per project aggregate, but there are also benefits to this for you, the insured.

A **per project aggregate** allows the general aggregate limit to apply to each individual project a contractor works on. So, if you have a \$2,000,000 general aggregate limit with a per project aggregate, that means that you have \$2,000,000 of coverage for each project you work on, subject to the each occurrence limit. If you have a per policy aggregate, that means that you only have \$2,000,000 across all ten projects that you work on. With a per project aggregate, you are increasing your coverage (or donuts in your tray) by five times (\$2,000,000 versus \$10,000,000).

A **per project aggregate** not only protects the companies that you contract with, but also yourself. This endorsement can pay huge dividends in the event of a catastrophic loss at one project by providing a “clean” set of limits at other projects. Be sure to ask if your policy or quotes you are reviewing offer this coverage and consider it when making your choices.

Contact us at Tonry Insurance Group to learn more about the benefits of a per project aggregate on your general liability policy.

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