



Lowenstein Sandler's In the Know Series Video 30 – Insurance with a Side of Insurance: Additional Insured Coverage

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Eric Jesse:

Hi, I'm Eric Jesse, a partner in Lowenstein Sandler's [Insurance Recovery Group](#). Welcome to "[In The Know](#)."

When you are working with contractors, vendors, or customers, you may have seen the term “additional insured.”

Maybe your company is looking to be an additional insured on someone else's policies, or maybe you're required to make a customer an additional insured on your own policies. But what does this mean, and why is it important?

Here are three key things to know about additional insured coverage.

- **First**, being named as an additional insured on a third party's policies can provide your company with extra protection if a claim arises involving your relationship with that third party. The coverage usually applies to claims trying to hold your company responsible or vicariously liable for the conduct of that third party. But it can also reduce your coverage if you're the one giving others additional insured status on your policies, because additional insureds will now be able to access defense cost coverage and coverage for settlements and judgments, which could deplete your limits of liability.
- **Second**, it's important to get proof that you are an additional insured. Just because a contract requires you to be one does not mean it automatically happens. Ask for a copy of the policy, or at least the policies declaration page and additional insured endorsement. At a bare minimum, request and review a certificate of insurance, but understand that you may not be able to use those certificates to prove additional insured status.
- **Third**, understand how your own coverage intersects with any additional insured coverage you may have. While being an additional insured can provide defense and indemnification coverage, your protection may be secondary to the named insured's coverage.

You can try to protect against this by requiring their policy to be “primary and non-contributory to your own policy,” but understand that

their policy may not fully protect you, making it important to have your own insurance in place as a backstop.

Ultimately, additional insured coverage is a valuable tool for managing risk, but it's not a one-size-fits-all solution. Reviewing endorsements, securing proofs of coverage, and knowing the limitations of additional insured coverage can help ensure that insurance for your business is maximized.

Thank you for joining us on "[In The Know](#)."