

# Commercial Lease Insurance Requirements Checklist

This checklist outlines insurance coverages and endorsements commonly required in commercial lease agreements. These requirements help allocate risk between the landlord and tenant and ensure adequate protection in the event of injury, property damage, or legal claims.

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## 1. Commercial General Liability Insurance

Tenant must maintain Commercial General Liability (CGL) insurance covering bodily injury, property damage, and personal injury arising from the tenant's operations in the leased premises.

Typical minimum limits: **\$1,000,000 per occurrence/\$2,000,000 general aggregate**. Higher limits may be required depending on the type of business.

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## 2. Additional Insured (AI)

The landlord (and often the property manager and ownership entity) must be listed as an **Additional Insured** on the tenant's General Liability policy.

**Purpose:** Provides coverage for the landlord under the tenant's insurance if a claim arises from the tenant's operations or use of the premises.

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## 3. Primary & Non-Contributory Coverage

The tenant's liability policy must be **primary and non-contributory** with respect to the landlord.

**Purpose:** Ensures the tenant's insurance responds first to claims before the landlord's insurance.

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## 4. Waiver of Subrogation (WOS)

The tenant's insurance policy should include a **Waiver of Subrogation** in favor of the landlord.

**Purpose:** Prevents the tenant's insurer from seeking reimbursement from the landlord after paying a claim.

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## 5. Hold Harmless / Indemnification

The lease should include a **Hold Harmless (Indemnification) clause** requiring the tenant to defend and indemnify the landlord against claims arising from the tenant's use, operations, or negligence.

**Purpose:** Transfers liability associated with the tenant's activities to the tenant.

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## **6. Tenant Property Insurance**

Tenants should maintain property insurance covering their:

Inventory, Furniture and equipment, Business personal property, Tenant improvements and betterments.

**Purpose:** Ensures the tenant's property is protected and avoids claims against the landlord for these losses.

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## **7. Workers' Compensation Insurance**

Tenants with employees must maintain **Workers' Compensation and Employer's Liability insurance** as required by state law.

**Purpose:** Provides coverage for employee injuries that occur on the premises.

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## **8. Umbrella / Excess Liability Insurance**

Some leases require an **Umbrella or Excess Liability policy** providing additional limits above the General Liability policy.

**Purpose:** Provides additional protection for large liability claims.

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## **9. Certificate of Insurance (COI)**

Tenant must provide the landlord with a **Certificate of Insurance** verifying all required coverages and endorsements. Typical requirements: Provided prior to lease commencement or occupancy. Updated at each policy renewal

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## **10. Notice of Cancellation**

Insurance policies should provide **advance written notice (typically 10–30 days)** to the landlord if coverage is cancelled or materially changed.

**Purpose:** Allows the landlord time to ensure coverage remains in place.

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## **Summary**

- Commercial lease insurance requirements are designed to:
- Protect the landlord from liability arising from tenant operations
- Ensure tenants maintain adequate insurance coverage
- Reduce disputes between insurers following a loss
- Clearly allocate financial responsibility between landlord and tenant

*\*This information is provided for general educational purposes only and does not constitute legal advice. Readers should consult with a qualified attorney or licensed insurance professional regarding their specific lease and insurance requirements.*

