

COVERAGE INSIGHTS



Best Practices for Responding to General Liability Claims



Unforeseen incidents can occur in everyday business operations, exposing organizations to potential liability. A customer may slip on a wet floor, or a contractor may accidentally damage a client's property. Just one general liability claim can disrupt business operations, create financial strain and affect future insurance costs.

The financial and organizational impacts of these incidents may be heightened when organizations respond poorly to potential claims. A slow or ineffective response can create disputes, increase the likelihood of litigation and delay resolution.

In contrast, a proper response to a potential general liability claim may lessen organizations' potential liability and limit damages. Clear and complete documentation provides insurance carriers and their attorneys with the evidence they need to defend against allegations. Ultimately, both businesses and insurers play a role in limiting liability when claims arise.

Organizations and their employees should consider the following best practices for responding to general liability claims arising from premises and operations exposures.

Ensure Immediate Safety and Medical Attention

- Secure the area (e.g., cordon it off) to prevent further injury or property damage, deter unauthorized access, and keep the scene as unchanged as possible. Only move property if it is necessary to address immediate safety concerns.
- Call 911 if the incident involves injury or significant property damage and stabilize involved parties (e.g., provide first aid) until emergency response services arrive.
- Encourage injured parties to seek medical treatment, even if the injury appears minor. If no injuries are reported at the time, advise the individual(s) to inform the company if they later seek medical care for symptoms that arise afterward.

Conduct a Timely and Thorough Investigation

- Complete an incident investigation report form to document what happened. Include the date, time and location of the incident, who was involved, what the injured party was doing at the time, the nature of the injury or property damage, and any potential causal factors.
- Collect evidence that might be relevant to the claim and/or bolster your defense. Take photos of the scene from multiple angles. Promptly collect any security footage and gather contact details and statements from witnesses. Secure and preserve any damaged equipment or materials. Make sure not to destroy any evidence.
- Gather maintenance records, housekeeping reports and any other company documents that may be relevant to the claim or can help establish fault or lack thereof.
- Train employees—both before claims occur and continually afterward—to closely follow investigation procedures so key details and evidence are captured accurately and consistently.

Do Not Admit Fault or Make Liability Statements

- Train employees to act courteously, professionally and compassionately toward third parties while not admitting fault for the incident. Determinations of fault and liability should be left to the insurance carrier and its attorneys.
- Don't reprimand employees at the scene or in front of third parties, as it might give the impression of fault.

- Don't argue with the injured party or assign blame.
- Don't offer to pay for medical expenses or replace damaged property, as this can be considered an admission of fault.

Control Communication and Information Flow

- Designate one person as the single point of contact for claim-related communications and ensure they are trained to deal with insurance representatives and attorneys.
- Refrain from discussing the case informally to protect the integrity of the investigation and prevent inconsistent or inaccurate accounts.
- Never post details or photos of the incident on social media, as such commentary could be used as evidence in litigation.
- Direct any attorney inquiries or claimant communications to the insurer.

Notify Your Insurance Partners Promptly

- Report the incident to your insurance partners, including your broker and carrier, as soon as possible, even if liability is unclear. Not reporting incidents within the time frame required by a general liability policy may affect the reimbursement of expenses or even result in claims denials.
- Provide your insurance carrier with preliminary documentation and all relevant details (e.g., date, time, location and parties involved).
- Follow the insurance carrier's instructions for the next steps. For example, insurers may request site inspections, require copies of safety procedures or direct employees to avoid specific actions. Ensure these directions are followed precisely as given.
- Maintain incident reports, inspection logs, housekeeping records, training materials and any other documentation that may be required as the claim unfolds.

Conclusion

The immediate aftermath of a general liability claim can be challenging to navigate, and missteps may lead to complex litigation, reputational damage and unnecessary financial losses. As such, it's critical that organizations and their employees understand that responding promptly and effectively can help improve claim outcomes.

Contact BHC Insurance today for additional insurance and risk management guidance.

Provided by BHC Insurance

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