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Additional Insured Entitled to Coverage Where Accident Resulted from Named Insured's Operations

Article By:

Neal, Gerber & Eisenberg LLP

A recent Indiana appellate decision illustrates that, for the purpose of triggering "additional insured" coverage, the insurer is liable where the injury arose out of the insured's operations irrespective of whether the insured was alleged to be negligent. Peabody Energy Corp. v. Roark, 973 N.E.2d 636 (Ind. Ct. App. 2012).

The case involved a contract between Peabody, a mining company, and Beelman, a trucking company. Beelman's employee, Roark, was making a delivery to Peabody's mine when he was injured. Roark had parked his truck at the Peabody mine and was walking alongside it when the ground beneath him gave way, injuring him. Roark sued Peabody.

Peabody and Beelman's contract required Beelman to indemnify Peabody against liability and to acquire insurance in order to do so. Beelman had acquired a commercial general liability insurance policy with insurer North American. However, the policy listed Peabody as an "additional insured" only for liability arising out of Beelman's operations or premises owned or rented by Beelman. Thus, the question was whether Roark's injury arose out of Beelman's operations.

The trial court ruled that Roark's injury did not arise out of Beelman's operations. The appellate court reversed, finding that the injury did arise out of Beelman's operations. The court held that Roark's injury was directly related to his work as a truck driver for Beelman. North American had argued that Roark's injuries were the result of Peabody's sole negligence, not Beelman's negligence, but the court rejected this argument. Because Roark's injuries arose out of Beelman's operations, Peabody was an additional insured under the North American policy.

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