

Eighth Circuit Holding Reminds Businesses to Understand the Difference Between Being Named as an “Additional Insured” Versus a “Named Insured” in an Insurance Policy

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Commercial entities doing business together frequently negotiate insurance and indemnification clauses in their commercial agreements to account for the potential risk of loss if a claim is made against either entity. In the construction industry, typical insurance language may require a contractor to obtain a sufficient amount of insurance to cover another entity involved in the project for potential losses associated with the project. The contractor may also be required to name another involved entity as an “additional insured” under its own liability insurance policy. Under this circumstance, the contractor purchasing the insurance policy is typically the “Named Insured” while the other entity added to the policy is an “Additional Insured.” Importantly, however, the scope of coverage afforded for an “Additional Insured” and a “Named Insured” under an insurance policy is not the same. As the Eighth Circuit recently highlighted in *BCC Partners, LLC v. Travelers Property Casualty Company of America*, 140 F.4th 465 (8th Cir. 2025), companies that fail to consider this distinction when negotiating insurance requirements and procuring insurance required by an agreement may experience significant losses that otherwise could have been avoided.

In *BCC Partners v. Travelers*, BCC Partners, LLC (“BCC”) contracted with a construction company to build an apartment complex. As required by their contract, the construction company purchased an insurance policy from Travelers Property Casualty Company of America (“Travelers”) and named BCC as an “Additional Named Insured” under the policy. The construction company was the “Named Insured” under the Travelers policy.

During construction, a retaining wall on site failed and caused significant damage and delays. As an “Additional Named Insured” under the Travelers policy, BCC made a \$1.4 million claim for the alleged loss of rental income and soft costs resulting from the delays. Travelers denied BCC’s claim, reasoning that only a “Named Insured” is covered for such losses under the policy. BCC then sued Travelers for breach of contract and vexatious refusal to pay under Missouri law. The district court granted summary judgment in favor of Travelers on both claims, concluding as a matter of law that BCC was not entitled to the demanded payments under the policy. BCC appealed.

Ultimately, the Eighth Circuit agreed with the district court, holding that BCC was not covered for its alleged losses of rental income and soft costs under the plain meaning of the policy. The Court found that the coverage BCC was looking for only extended to the “Named Insured” under the Travelers policy, which covered “the actual loss of ‘rental value’ you sustain” and “your ‘soft costs’” that result from certain construction delays.” Focusing on the words “you” and “your”, the Eighth Circuit confirmed the words ‘you’ and ‘your’ under the Policy only referred to the “Named Insured” under the Policy and not any “Additional Named Insured.”

The Court further explained BBC’s coverage as an “Additional Named Insured” under the policy was much narrower. In doing so, the Court briefly addressed the frequent industry use of “Additional Named Insured” as having the same rights and responsibilities as the entity named as an insured in the policy declarations. The Court explained even under BCC’s cited authority—the International Risk Management Institute (“IRMI”)—an “Additional Named Insured” does not necessarily have the same rights and responsibilities as the “Named Insured.” Following its definition of “Additional Named Insured,” IRMI explains: “The term [Additional Named Insured] has not acquired a uniformly agreed upon meaning within the insurance industry” and often does not include those same rights and responsibilities as a “Named Insured.” In the end, BCC, as the “Additional Named Insured” under the Travelers policy, was not able to recover its \$1.4 million loss as an additional insured under the Travel’s policy issued to BCC’s contractor.

Not only does *BCC Partners* highlight the potential significance of the distinction between being named as a “Named Insured” versus an “Additional Named Insured” under an insurance policy, it also emphasizes the importance drafting clear insurance and indemnity language in commercial agreements. Corporate drafters and clients should consider the impact of these differences when negotiating and drafting agreements with other commercial entities.

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