

Public Liability Insurance



Public Liability Insurance in a nutshell

If a third party suffers an injury or property damage as a result of your business activities, Public Liability insurance will ensure you, your business and its employees are protected in the event of a claim.

The low-down

Public Liability insurance is one of the most common types of commercial insurance and is considered a 'must have' form of cover for most small business owners.

It protects your business financially if somebody makes a claim against you for personal injury or property damage as a result of your business activities. In other words, if somebody is injured, whether it be a customer, supplier or member of the public, or their property is damaged whilst you are providing a service, they can commence legal action against you for negligence to recover their losses. If you have Public Liability insurance, your policy pays for your legal defence and court costs, as well as compensation awarded to the claimant, rather than you having to pay from your own pocket.

Most Public Liability policies also extend to Product Liability cover to protect you against liability claims where the products you sell, supply, or deliver cause injury, death or damage.

Do I really need it?

If you have a premises where people come to see you, you go out and about to visit your customers or clients, or you manufacture, distribute or sell any form of products, then Public Liability insurance is a must have. Even if you work from home it's still likely that you'll have the occasional client coming to visit you, and therefore should consider taking out a Public Liability policy in the event that someone injures themselves whilst on your premises.

Although you never intend to injure someone or damage their property, there's always the potential for something to go wrong. Even a simple act like a customer falling over and fracturing their wrist can trigger a Public Liability claim that can run into thousands of dollars.

Claims made against your business for personal injury or property damage, whether rightly or wrongly, are incredibly expensive to defend, and without the right insurance you could find your business on the brink of extinction.

What is typically covered?

- ✓ Compensation to 3rd parties in the event of physical injury, illness or death as a result of your business activities, whether on your premises or at another location
- ✓ Loss or damage of other people's property as a result of your business activities
- ✓ Injury or damaged caused by the products you manufacture, distribute or sell
- ✓ Loss or damage caused by non-physical "advertising injury", such as libel, slander, invasion of privacy, copyright infringement, misappropriation of advertising ideas
- ✓ Your legal defence and court costs incurred as a result of defending a claim made against your business

What isn't usually covered?

- ✗ Injury or property damage which occurs outside the period in which you are insured
- ✗ Injury or death of your employees – you'll need Worker's Compensation for this!
- ✗ Damaged caused to your own property
- ✗ Claims arising from your negligence in respect to providing a professional service or advice
- ✗ Costs of rectifying faulty workmanship
- ✗ Product recalls

Did you know?

- The most popular level of Public Liability insurance taken out by BizCover customers is \$10M.
- On average, BizCover customers can expect to pay around \$80.75 per month for their Public Liability insurance.
- Public Liability Insurance is an "Occurrence" based policy, meaning it will respond to claims where the injury or property damaged occurred during the policy period, regardless of when the claim is made.
- In 2016 APRA-regulated general insurers paid \$869M in Public Liability claims. (APRA, Dec 2016)

Claim Case Study

A painter (the Insured) was contracted to paint the interior of newly constructed residential property with European style architecture and high-end finishes.

Prior to commencing work, the Insured applied a water-based, strippable coating product around the edge of the glazed windows for the purpose of acting as a temporary protection whilst he was painting the premises. He had been using the same product for the past 3 years without any issues.

Upon completion of the job he stripped the product from the windows, only to discover that it had left permanent stains that were not able to be removed. Fortunately for the Insured, his Public Liability policy kicked in and he was able to make a claim for the replacement of the damaged windows which came to a total of \$27,000. Had he not had a Public Liability policy he would have been liable for the costs from his own pocket.