



# Fact sheet

## Public Liability Insurance

July 2019

### Public Liability Insurance in a nutshell

Public Liability insurance is designed to provide protection\* for you and your business in the event a customer, supplier or a member of the public are injured or sustain property damage as a result of your negligent business activities.

#### The low-down

**Public Liability insurance** is a common type of business insurance and is considered a 'must have' for most small business owners.

If a third-party is injured or their property is damaged, due to the negligent operation of your business, they can claim (even commence legal action) against you to recover their losses. If you have **Public Liability insurance**, and the claim is covered by your policy, it will pay compensation to the claimant as well as covering defence and court costs\*.

Most Public Liability policies also provide 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 business premises where people come to see you; or you go out and about visiting your customers ; or if you manufacture, distribute or sell any form of products, then you should seriously consider taking out **Public Liability insurance**. Even if you work from home you may have the occasional client coming to visit you, and should consider protecting your business with Public Liability policy in the event that the visit ends up in the client being injured, because accidents can and do happen.

You may take all the measures to prevent anyone getting injured or damaging their property, but there is always a chance that something can go wrong.

Claims made against your business for personal injury or property damage, actual or alleged, can be expensive to defend, and without the right insurance you could find your business on the brink of extinction.

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## What is typically covered?

- ✓ Personal injury suffered by a third party (e.g. a customer, supplier or member of the public) due to your negligent business activities
- ✓ Damage to property owned by a third party due to your negligent business activities
- ✓ Legal and defence costs associated with a covered claim

## What is typically not covered?

- ✗ Injuries to your employees
- ✗ Damage to your own property
- ✗ Costs of rectifying faulty workmanship
- ✗ Professional negligence
- ✗ Contractual liability
- ✗ Events occurring before or after the policy period

## Did you know?

- The most common level of Public Liability insurance taken out by BizCover customers is \$10 million.
- 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.

## Claim Case Study

A painter (the Insured) was contracted to paint the interior of newly constructed residential property. Prior to commencing work, the Insured applied a product around the edge of the glazed windows for the purpose of acting as temporary protection while he painting the premises. He had used 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 could not be removed. It turned out he had on this occasion made a mistake in the application process. Fortunately for the Insured, his Public Liability insurer accepted the resulting property damage claim and paid \$27,000 to replace the windows. Had he not had a Public Liability policy he would have been liable for the replacement costs from his own pocket.

\* As with any insurance, cover will be subject to the terms, conditions and exclusions contained in the policy wording.

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