



Fact sheet

Public Liability Insurance

Public Liability insurance explained

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 brings a claim against you due to their being injured or sustaining property damage as a result of your negligent business activities.

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.

The low-down

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

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.

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Do I really need it?

Do you have a business premises where people come to see you? Do you accept deliveries from couriers or suppliers? Do you go out and visit your customers? Do you manufacture, distribute or sell products?

If any (or all) of the above describe your business, you should consider having Public Liability insurance.

You may take every measure to prevent customer injuries or damage to their property, but accidents can still happen. Actual or alleged Public Liability claims can be expensive to defend. Without the right insurance, you could find your business on the brink of extinction.

Even if you work from home, you may have the occasional client come to visit or accept business deliveries. Homeowner's insurance typically does not cover business activities, so you may need a Public Liability policy to protect your home-based business.

Did you know?

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.



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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
- ✔ Compensation for damage of third-party goods not owned by you which are in your care, custody or control



What is typically not covered?

- ✘ Injuries to you or your employees
- ✘ Damage to your own property
- ✘ Liquidated damages
- ✘ Professional negligence
- ✘ Contractual liability
- ✘ Motor vehicle claims
- ✘ Aircraft products
- ✘ Events occurring before or after the policy period
- ✘ Asbestos or gradual pollution
- ✘ Costs of rectifying faulty workmanship or product recall
- ✘ Punitive damages (where the insured acted so badly that extra damages were awarded)
- ✘ Liabilities assumed under contract which the insured would not be liable for at common law

Always read the Policy Wording to understand the terms and conditions of Cyber insurance cover, including any applicable exclusions.

Claim Case Study*

A painter (the Insured) was contracted to paint the interior of newly constructed residential property. Prior to beginning work, the Insured applied a product around the edge of the glazed windows to act as temporary protection while he painted 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 made a mistake in the application process on this occasion.

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.



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