

## **Protecting your assets with Public Liability Insurance**

Public Liability insurance is one of the most common insurance policies taken out by businesses of all sizes and across diverse industries. Public Liability insurance covers damages caused by an individual, or by the business. It also covers related legal fees, costs and expenses.

The general public have an ever-increasing awareness of their rights after sustaining an injury, which has led to a general increase in litigation against individuals, corporations and small businesses.

It's therefore ironic that such a vital area of insurance protection is probably one of the least understood. Public Liability insurance operates to protect the policyholder if they are found to have been negligent in causing physical bodily injury or damage to property. Of course, the settlement amount granted to the injured party can vary greatly depending on the extent of the injury and any ongoing issues. This is also dependent on whether the loss can be settled out of or in the courts.

To ensure a claim is met, it's important that correct details are provided to the insurer. It is their right to know in detail, the nature of the risk being insured. A failure to provide relevant information or to mislead an insurer can result in the policy being cancelled in full and cover denied.

OAMPS Insurance Brokers can tailor a comprehensive Public & Products Liability Insurance policy at a competitive rate.

### **Q and A**

#### **1) What is the advantage of insuring through OAMPS Insurance Brokers?**

OAMPS is a specialist in meeting the insurance needs of members. A comprehensive, relevant policy with the appropriate cover for your business has been designed for our clients through a reputable insurer.

#### **2) Why must the turnover and/or number of employees be declared for this type of policy?**

This is a method by which the insurer can assess the size and exposure of your risk. For example, a tourism based business operating with 10 employees at any one time would indicate that a large number of customers pass through the business and the likelihood of a claim is therefore increased. The premium sought by the insurer would naturally be more than required for a business with only 2 employees. Likewise a business with a turnover of \$10,000,000 would appear to have a much higher risk than a similar business with a turnover of \$1,000,000. Also a different rating applies to each type of business performed.

#### **3) Why must my declaration be accurate at all times?**

Apart from the reasons mentioned above (to determine premium rates) it is important to be accurate as your insurer has the right to deny any claim if he feels he has been given misleading information about the risk (i.e. an incorrect declaration).

**4) Why should I consider adopting a minimum sum insured of \$10,000,000?**

Claims settlements are very much an unknown quantity and depend on the nature of the damage or injury. If a claim is to be heard by the courts a hearing date may be set 3 years in advance. Bearing in mind ever-increasing damages being awarded, the question a member must ask is "Will my sum insured be adequate to cover future costs?" A re-assessment of cover on a yearly basis is an important exercise. A member must also bear in mind that the level of cover available is per event, not per claim. For instance, if a shelf is overloaded and collapses injuring 3 customers in a shop, there is only one sum insured to meet all three claims (i.e. \$10,000,000 divided by 3) not \$10,000,000 each claimant. Any amount over and above the \$10,000,000 must be personally met by the insured.

**5) What type of losses will my policy cover?**

The policy has been designed to cover:

- **Goods sold:** any items sold by the insured that cause injury or distress to the public.
- **Products Liability:** any items made by the insured that cause injury or distress to the public (i.e. hamburgers, sandwiches, etc.)
- **Property Owners Liability:** if the insured also owns the building, protection is automatically provided (i.e. if a customer slips on a step that has not been properly sealed or if a roof tile falls on a parked vehicle, provided of course, the insured may be found negligent).
- **Tenants Liability:** Cover is provided for Fire, Explosion, Water and Impact Damage (i.e. if the gas is accidentally left burning, subsequently ignites and destroys the landlord's building).
- **Advertising Materials on Footpaths:** including signs, tables and chairs, subject to council permission.
- **Legal costs:** All costs and expenses of litigation recoverable by any claimant against the insured or all costs and expenses of litigation incurred by the insured with the written consent of the insurer.

There are many other areas to consider for protecting you and your business and some of these will be addressed in future articles

For more information, contact your local OAMPS Insurance Broker direct on 1800 240 432.

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