UNDERSTANDING PUBLIC LIABILITY INSURANCE

A shield for Australian businesses

Public liability insurance is designed to protect your business if a third party (someone who is not an employee) suffers personal injury or property damage due to your business activities.

It generally covers the following:

- **Compensation costs**
  If your business is deemed legally liable for the incident, the insurance will cover the costs of compensation awarded to the injured or affected party.

- **Legal expenses**
  It also covers your legal defence costs, including court fees and lawyer expenses, should the claim result in legal action.

Who needs public liability insurance?

While public liability insurance isn't mandatory for all businesses in Australia, it's strongly recommended for businesses with any degree of interaction with the public.

Here are some types of businesses that would typically benefit from this coverage:

Retailers and shop owners
While public liability insurance isn't mandatory for all businesses in Australia, it's strongly recommended for businesses with any degree of interaction with the public.

Tradespeople and contractors
Anyone working on client property (such as plumbers, electricians or builders) carries the risk of accidental damage or injury to people on the premises.

Food and beverage businesses
Cases of food poisoning or unexpected allergic reactions could trigger liability claims.

Professional service providers
Even businesses such as our own, offering advice or consultations (accountants, architects, brokers, property agents and solicitors) can face claims arising from errors or omissions in their services.

Event organisers
Public events carry risks such as crowd accidents or damage to a venue.

Let's look at some examples to understand how public liability insurance works

Scenario 1
A customer trips over a loose cord in your store sustaining an injury. Your public liability insurance could cover their medical expenses and any compensation awarded if you are found legally liable.

Scenario 2
A faulty product supplied by your business causes a fire at a customer's home. Public liability could cover the cost of property repairs and potential legal expenses.

Scenario 3
A plumber working at a client's house accidentally damages a water pipe causing flooding. The insurance could cover the repair costs and associated damage.

Even smaller businesses should consider the risks associated with their business.

Scenario 4
A fitness instructor accidentally drops a weight on a client's foot during a training session resulting in a broken bone. Public liability insurance could cover medical costs and any compensation claims.

Scenario 5
A beauty therapist provides a treatment that causes an allergic reaction and skin damage to a client. Their public liability could cover treatment for the reaction and potential legal costs.

Scenario 6
A dog walker is in charge of several dogs when one escapes and bites a passerby. Public liability insurance could help cover the resulting medical expenses and any legal action.

Scenario 7
A sign installed by your business falls and damages a parked car. Public liability insurance could likely cover the cost of repairs or replacement of the vehicle.

Key considerations

Important factors to keep in mind when choosing public liability insurance

Level of cover
The appropriate coverage amount depends on the nature and risk profile of your business. You may need higher coverage if your business faces greater risks.

Exclusions
Review the policy carefully for situations that are not covered such as intentional damage or specific types of professional services.

Even with thorough safety measures in place, accidents in business can happen. Public liability insurance acts as a financial safety net and shields your business from the potentially crippling costs of claims and legal disputes.

By investing in this insurance, you're not only protecting your assets but also demonstrating responsible business practices to your clients and the public.

Please note:
We cannot provide advice on your insurance, however our insurance brokers can. The first step is to review your policy to see if it meets your business requirements, then they will make some recommendations for you.

We look forward to helping you with any enquiry.

Contact us to read

'10 common reasons why your insurance claim might be denied'.

Disclaimer: This article provides general information only and has been prepared without taking into account your objectives, financial situation or needs. We recommend that you consider whether it is appropriate for your circumstances. Your full financial situation will need to be reviewed prior to acceptance of any offer or product. It does not constitute legal, tax or financial advice and you should always seek professional advice in relation to your individual circumstances. ©2024