



### **Do I need public liability insurance?**

Although not compulsory public liability insurance is generally required because it provides your business with cover against legal claims.

If you are a small business or self employed sole trader, a company director or an employee then you could all potentially be blamed for injury to a third party ie, a member of the public, or damage to property.

#### **Are you providing?**

- Goods or services to the general public and other businesses

If you are then many brokers would strongly advise to take action without delay. Law generally states that businesses or individuals pay for losses caused by the business or its employees. Without Public Liability Insurance cover then the full cost of a loss - a civil wrong to which the court provides a remedy - will have to be paid by the business or you if a self employed sole trader.

Compensation awards can be for significant sums of money, plus there can be significant legal defense costs awarded against you or not covered if actions fail. For self employed small businesses this could mean having to sell your house and contents, and for limited companies liquidation and loss of business assets and goodwill.

#### **Do I need public liability insurance if I work from home?**

If you work from home, and customers or members of the public visit you there, you should take out public liability insurance.

Similarly if you go to customers premises to carry out work, you should consider taking out cover.

#### **Imagine a simple scenario**

A member of public injures herself at your customer's office/premises and holds you responsible.

She will contact a solicitor and start a claim for compensation against you for injury and loss.

If you **haven't** public liability insurance your defense begins:

- You will receive court notification of the claim.
- You find a solicitor and obtain an estimate of fees.
- You provide the solicitor with information ask for.
- The solicitor collects evidence and documents and outlines the strategy options.
- You are invoiced by your solicitor.
- If the claim is contested then you prepare for the court hearing and to pay you pay solicitors, barristers and court fees.
- If you lose you pay compensation/damages, medical costs and legal fees of both parties.
- Should you win you need to recover as much of your legal costs from the claimant - rarely are legal fees recoverable in full.

If you **have** public liability insurance then just like car insurance your weight is lifted and the outcome will be far less likely to be damaging:

- The injured party (claimant) begins a claim for compensation.
- You pass the claim documents to your insurance broker.
- You can carry on with your business, and perhaps retain the client.
- You provide the insurers and their solicitors with information.
- The legal complexities and costs are handled by the insurance company.
- If you lose the case in or out of court (you will have legal advice) then the insurer pays the compensation/damages/legal costs.
- If the claim is found for you (ie you win the case), then the insurer collects the legal costs from the claimant.

It makes sense to protect your personal or business assets, you client's interests, and yourself from the almost inevitable hassle of legal disputes.