Public & products liability insurance at a glance

What is public liability insurance?

If an accident or unforeseeable incident causes damage or injury to someone (other than your employees), you may be found legally liable to cover the costs.

Public liability insurance can help to protect your business from the financial risk of liability claims – giving you the certainty you need to trade with confidence.

What is product liability insurance?

No matter how stringent your company is, mistakes can happen. For example, you may design or sell a product that causes a customer harm. Even if you're not at fault, you could risk serious financial damage through legal and court costs if a customer decides to sue you. Product liability insurance is designed to help protect your business if you're sued because a product you sell, assemble or supply has caused harm to a person or property.

"Public liability insurance helps protect you and your business against the financial risk of being liable for negligence."

Australian Government, Business.gov.au

Who should consider it?

While public and product liability insurance isn't mandatory for most businesses, it is recommended for all companies. That's because the unpredictable nature of accidents makes them hard to prevent – and the costs of being sued can be extraordinarily high.

Did you know?

9,000

In 2013, there were close to 32,000 public liability claims made. Of these claims, just over 9,000 were claims for bodily injury.

(APRA, Review of Claims Trends for Liability Insurance in Australia, 2014)

In 2014, property and business services was the sector with the highest exposure to public liability risk. It was followed by construction; retail; agriculture, forestry & fishing; personal services; and health and community services.

(APRA, Review of Claims Trends for Liability Insurance in Australia, 2014)

429

Since 2012, the Australian Competition and Consumer Commission (ACCC) has recalled an average of 429 products each year.

(Shine Lawyers, 'China-Australia Free Trade Agreement: potential commercial implications', 2017)

What can it cover?

Public and products liability insurance helps protect your legal liability to third parties, including clients, customers and the public for injury or damage to their property, caused by your business. It can even cover emotional distress or shock that your business causes another person.

It will generally pay your costs of investigating, defending and settling claims, as well as any compensation payment you are found legally liable to pay.

Depending on your policy, public and products liability insurance can cover:

Type of cover	Potential benefits
Personal injury	If somebody is wrongfully injured by your actions or your product, public and products liability insurance can cover you for your liability to pay damages to the claimant.
Property damage	If property is damaged due to your actions or your product, public and products liability insurance can cover you for your liability to pay damages to the claimant.
Advertising injury	Liability arising out of advertising carried out by or on behalf of the insured.

What usually isn't covered?

Exclusions, the excess you need to pay and limits of liability can vary greatly depending on your insurer. Policies generally won't include cover for:

- Cost of rectifying faulty workmanship.
- Damage to your own product.
- Claims by employees.
- Claims arising out of the use of a registered motor vehicle.
- Claims related to asbestos.

CASE STUDY

The offshore manufacturer of George's sunscreen accidentally contaminates the product with chemicals that cause customers to break out in a painful rash.

They file a class suit against George to compensate them for the injury. Luckily, George's policy covers him for the costs of going to court and the damages awarded to the customers.

Contact us today

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Important note – this information is provided to assist you in understanding the terms, implications and common considerations in public and products liability insurance. It does not constitute advice, and is not complete, so please discuss the full details with your Steadfast insurance broker.