



## Liability insurance

Liability insurance protects you against financial loss if your actions, your negligence or the condition of your property is found to cause a person to be injured or killed, or a person's property to be damaged or destroyed or they suffer loss as a result of relying on your services or advice.

There are three forms of liability insurance:

- Public liability
- Professional indemnity
- Product liability

Liability products are most commonly taken out by businesses for risks involved in their day-to-day operation, but they are also built into many property insurance policies, for example liability cover in home and contents insurance.

Liability insurance covers two key financial risks. One is the legal cost of defending a claim. The second is the compensation that you may be directed to pay the injured or wronged party, plus their legal costs, if a claim against you is upheld.

These usually include an excess to be paid by the policyholder in the event of a claim, and generally set a limit on the total amount payable under the policy, as well as a per-claim limit.

To find an insurer that offers these types of policies, visit [www.findaninsurer.com.au](http://www.findaninsurer.com.au) [ <http://www.findaninsurer.com.au> ]

### Public liability

Public liability insurance covers a person, a business, an event, a contractor – even a community building – for costs from legal action if they are found liable for death or injury, loss or damage of property, or economic loss resulting from their negligence.

If you own a business, you may be liable for damages or injuries to another person or property. Though liability insurance is optional in most cases, it is strongly recommended for businesses in all industries as the likelihood of being sued [ <http://understandinsurance.com.au/types-of-insurance/liability-insurance> ] for negligence is unpredictable and potentially very costly.

You can usually choose whether to take out public liability insurance, but in some situations it might be compulsory.

For example, in certain public events and facilities, liability insurance is compulsory and it is checked through a licensing authority.

This type of insurance is becoming more popular, so you might find that it is automatically included in your property insurance policies – such as home, commercial, and marine – and in most business package insurances, but it is also available as a separate policy, particularly to larger businesses and to organisations without premises.

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Public liability insurance won't usually cover you if you are involved in known hazardous activities or criminal actions.

Though you might find that you are covered for public liability as part of other insurance products, make sure that the amount you are covered for public liability insurance is enough, because an i [ <http://understandinsurance.com.au/types-of-insurance/liability-insurance> ] nsurer might offer a cheaper premium by including only a small amount of public liability insurance.

Make sure you know what your total public liability amount of cover is and that it is sufficient for your needs, particularly if the policy is packaged with other covers.

### Professional Indemnity

You might take out professional indemnity insurance if you give professional advice or perform services to customers through the course of your work.

Professional indemnity insurance protects you from legal action taken against you if someone suffers a loss after following your professional advice or

as a result of your receiving your service. There are also specific types of professional indemnity insurances for certain professionals. For example, the medical profession will usually have medical indemnity insurance as requirement of their professional registration or licensing.

## **Product liability**

If you manufacture products, sell or distribute products or import products into Australia, you should have product liability insurance.

Product liability insurance covers you for damage or injury that you might cause to another business or person by your product or service.

This type of insurance is very important because people who believe that they have been injured by your product, can take action against you, as a manufacturer or importer.

In many cases, this action can be taken without the person who sues you having to prove you were negligent or had any intention to cause harm.