

# Commercial insurance

## Explanation of different types of insurance

### Professional Indemnity Insurance

#### What is it?

Professional Indemnity Insurance is designed to provide cover to professions who give advice or provide a service as part of their business. Examples of professions that normally require it are:

- IT consultants
- Business consultants
- Accountants
- Architects
- Surveyors
- Coaching, training and education professionals.

Professional Indemnity Insurance will cover legal costs and expenses incurred in your defence, as well as any damage or costs that may be awarded, if you're alleged to have provided inadequate advice, service or designs that cause your client to lose money.

#### Do I need it?

Professional Indemnity Insurance is designed to protect you against the cost of dealing with a claim from an unhappy customer. This could be due to a mistake in measurements or some advice you've given that ends up losing your client money.

The amount of cover you need will depend on a number of factors but your insurance broker will be able to advise you on this. Potential claims can run into thousands of pounds so it's definitely worth having and many clients or professional bodies will insist upon it before you start working for or joining them.

# Employers' Liability Insurance

## What is it?

Employers' Liability Insurance is a legal requirement for almost every business that employs staff, including contractors, casual workers and volunteers. It can protect you and your business against the cost of compensation claims due to illness or injury to your employees, caused by their work for you.

Some examples include:

- An employee being injured whilst operating machinery due to your negligence (i.e. they'd insufficient training).
- An employee tripping on carpet while carrying a cup of coffee, and getting burnt.

## Do I need it?

Yes, if you're a business that has:

- Full-time and part-time employees
- Self-employed contractors that you hire
- Temporary staff, apprentices and volunteers
- People taking part in work experience or training schemes.

There are a few exceptions:

- If you are a family business and only employ close members of your family you are exempt.
- Most public organisations, health service bodies and some other organisations financed by public funds are exempt.
- Limited companies where you, as the owner, are the only employee (and provided you own 50% or more of the company's share capital).

Failure to hold adequate insurance can result in fines of up to £2,500 per day.

You are also required to display your Employers' Liability Insurance certificate for all employees to see.

Failure to do so could result in a fine of £1,000.

# Public Liability Insurance

## What is it?

Public Liability Insurance protects your business if a client, customer or third party (this could include members of the public) were to sustain an injury or have their property damaged as a result of your company's activities. This will include incidents on your premises as well as those that occur whilst you're doing business off-site. Public Liability Insurance can cover the cost of pay-outs and legal fees if your business is sued.

## Do I need it?

You'll need Public Liability Insurance if:

- Customers visit your premises, for example you have a shop, restaurant or hairdressers etc.
- You work on client's sites, for example you're a tradesman carrying outwork in people's homes or gardens.
- You work in public, for example you're a builder, and your work could potentially cause injury or damage to a member of the public.

# Product Liability Insurance

## What is it?

Product Liability Insurance protects your business should a client, customer or third party (including members of the public) suffer damages or injury as a result of a fault with a product that you've supplied to them.

## Do I need it?

You'll need Product Liability Insurance if you:

- Sell a product with your company or brand name on it.
- Repair a product.
- Manufacture a product.
- Import products from outside the European Union for sale in the UK.

If you're unsure what insurance you or your company will require, please contact one of the [brokers on our list](#).