

# Home Counties Insurance Services Ltd



## A Guide to Business Liability Insurance



Home Counties Insurance Services Ltd  
Highway House  
4 Doolittle Yard  
Ampthill  
Bedfordshire  
MK45 2NW

T: +44 (0)1525 719955  
E: [info@homecountiesinsurance.com](mailto:info@homecountiesinsurance.com)

[www.homecountiesinsurance.com](http://www.homecountiesinsurance.com)

# HCI Guide to Business Liability Insurance

## 1) Why do I need public liability insurance?

If someone is injured or their property is damaged, the person or business responsible may be sued and held legally liable for the injury or property damage. Where legal liability is established, damages will be awarded to the claimant to compensate them for their injury or the damage to their property. Where damages have been paid for an injury, the NHS is entitled to recover costs for hospital treatment. The person or business responsible will also need to pay legal costs, including the claimant's. Public liability insurance is designed to protect your business against these costs.

## 2) Why do I need employers' liability insurance?

If an employee is injured or their property is damaged, the person or business responsible may be sued and held legally liable for the injury or property damage. The scope of costs within employers' liability insurance is the same as outlined for public liability insurance above. Employers' liability insurance is likely to be compulsory for any organisations with employees, and is designed to protect your business against these costs.

## 3) Why do I need product liability insurance?

In product liability insurance terms, a product is any physical item that is sold or given away. Products must be 'fit for purpose'. You're legally responsible for any damage or injury caused by a product you supply.

If you supply a faulty product, claimants may try to claim from you first, even if you did not manufacture it. You'll be liable to pay compensation if:

- your business's name is on the product
- your business had repaired, refurbished or changed it
- you imported it from outside the European Union
- you cannot clearly identify the manufacturer
- the manufacturer has gone out of business.

Otherwise, the manufacturer is liable (or the processor, where the product involves parts from multiple manufacturers). To help defend your business from a claim, you must:

- prove the products were faulty when they were supplied to you
- prove you gave consumers adequate safety instructions and warnings about misuse
- prove you included terms for return of faulty goods to the manufacturer or processor in any sales contract you gave to the consumer
- make sure that your supply contract with the manufacturer or processor covers product safety, quality control and product returns
- have good quality-control and record-keeping systems.

Product liability insurance covers you against damages awarded as a result of damage to property or personal injury caused by your product. If damages are paid for personal injury, the NHS can claim to recover the costs of hospital treatment – including ambulance costs – from you.

## Help is at hand

If you're unsure about your business liability, or simply need help or a quote, please contact us for one-to-one assistance.

T: +44 (0)1525 719955 E: [info@homecountiesinsurance.com](mailto:info@homecountiesinsurance.com)