

## Public Liability Insurance: Coverage, Claim & Exclusions

Many a times, it is possible for your business to cause unexpected and unintentional damage to third parties. For example, you have placed a sign-board on the highway about your business, and it suddenly drops over the walking man on the road, leading to his injury or death. Such a liability which does not directly involve you is covered under a special kind of [insurance](#) called public liability insurance.

### What is Public Liability Insurance?

Any business which has to deal with public, clients, employees or agents is recommended to take public liability insurance. If your business operations lead to financial or legal liabilities on you by the third party, you must consider taking appropriate public liability insurance to stay away from problems related to such unfortunate events.

### Types of Public Liability Insurance

In India, Public Liability Insurance is classified into three major types:

1. **Public Liability Insurance (Industrial Risks):** This is meant for manufacturing units and warehouses.
2. **Public Liability Insurance (Non-Industrial Risks):** This is meant for any non-manufacturing units like hospitals, retail outlets, schools, IT Companies, BPOs, clubs, etc.
3. **Public Liability Insurance under the Public Liability Act:** The Environment Protection Act 1986 and the Public Liability Insurance Act 1991 make it mandatory for the business dealing in a hazardous environment to take suitable insurance.

### What all Public Liability Insurance Covers?

In general, any unexpected event arising out of your business operations that may be posing problems in your business will be covered by this insurance. However, you have to specify the nature of the event and limit of financial compensation based on the risks perceived. The claims related to public liability are less predictable and may arise out of any unfortunate events, many a times not directly linked to the business operations. Most common coverages are:

- Claims arising out of the accident, injury or damage on your business premises or arising out of events in connections with your business

- The Act of God events
- Legal liability
- Transportation hazards
- Pollution and contamination

## How Public Liability Insurance functions?

Public liability insurance is not a must for most of the business operations. However, it is legally compulsory only for businesses that operate in a hazardous environment or are exposed to similar business operations. However, if your business has to deal with members of the public, several clients, agents and customers, it is recommended to insure yourself to protect yourself from any unexpected claims due to unfortunate event. Let us understand how it works:

- Evaluate the risks associated with your business and the kind of loss you would face because of these risks
- Compare and check different companies and policies before finalising a plan
- Approach the insurance provider you have decided and then go ahead with the required documentation work
- In case of a need of any claim, inform the company immediately
- Submit the dully filled in claim form along with the required documents
- A surveyor from the company will assess the problem and then prepare the report accordingly
- If you are eligible for the claim, you will get it within the specified time frame else will be informed about the rejection
- In case you are not satisfied with the decision, you can approach a court of law

## Eligibility Criteria

The insurance premium and the other details depend on the type of business and the associated risks. Let us understand who all are eligible for public liability insurance:

- Manufacturing units
- Other entities like IT companies, BPOs, hotels, schools, restaurants and clubs
- Units dealing with hazardous substances under Public Liability Act, 1991

## Public Liability Insurance Claim Process

Once you have bought the public liability insurance policy, you should also understand the claim process, in case there arises the need to make a claim. Let us see how the claim is made:

- Evaluate and analyse the loss and damage you have encountered
- Inform the [insurance company](#) as soon as possible; this should be done in writing
- Collect the evidence and proof
- Apt medical certificates in case of injury or death
- Submit duly filled in claim form along with the required documents
- An assessor will evaluate the case and decide whether to accept or reject the claim
- In case you are not satisfied with the decision, you can approach the court

## Documents Required for Claim Process

To get claims under public liability insurance, following documents are needed to make the claims:

- Duly filled in claim form along with the required documents
- Medical certificates in case of injury or death
- Copies of evidence and proof

## Cases Where you Can't Claim Public Liability Insurance (Exclusions)

Though the public liability insurance covers most of the cases, there are certain situations not covered under this insurance. These are also called exclusions. Some of these cases are:

- Lapse in performing legal or contractual liability
- Intentional non-compliance of safety or legal provision
- Loss of goodwill, mental loss or damage, libel, slander, false arrest, defamation and other similar cases

## Important Aspects

Before purchasing a public liability insurance policy, you should be aware of all the aspects related to the insurance in order to get the best deal.

- The limit of indemnity defines the sum insured in public liability insurance. It is specified as Any One Accident (AOA) and Any One Year (AOY) limit. The applicant has to choose the ratio of AOA to AOY from any of the following choices: 1:1, 1:2, 1:3, 1:4.
- The AOA limit is assessed with the nature of business operations and worst possible loss in the premises. The AOY limit is generally determined as three times the AOA limit.

## Advantages of Buying Public Liability Insurance

Looking at various levels of risks involved with various kinds of business, it makes sense to purchase a public liability insurance. Some of the advantages of this insurance are:

- It will cover for any kind of accident the public faces because of your business
- It will cover any damage to public property caused due to your business
- It will let you continue with your work without any hindrance in spite of liability issues
- It will help get coverage for legal fees, in case you need to go to the court for some liability case