

A GUIDE TO PUBLIC LIABILITY INSURANCE

This provides a brief summary of the cover provided. The actual policy wordings should be reviewed for specific details of coverage.

Public Liability Insurance

Public Liability policies provide business entities with protection against claims for compensation in respect of unexpected and unintended personal injury or property damage for which they may be legally liable arising out of their business activities.

The definitions of "Personal Injury" and "Property Damage" are broad. "Personal Injury" extends beyond actual bodily injury to mental injury and sometimes defamation. "Property Damage" includes either loss of or damage to tangible property and loss of use of tangible property, which is undamaged.

The policy only provides cover for direct losses. Consequential losses are not insured.

In addition, the policy provides for the costs of defending these claims in court, as well as any necessary investigations or negotiations.

Who is Protected?

Coverage is provided to the named insured and extends automatically to any:

- Subsidiary.
- Organisations controlled and actively managed.
- Director, employee, partner or shareholder of the Insured, in that capacity.
- Person or organisation to whom the Insured has promised to arrange insurance.
- Social or sporting club formed with the Insured's consent.
- New organisation, which the Insured acquires and notifies to us.

Specific areas for which coverage is available are:

- Manufacture, supply or distribution of products in NZ.
- Worldwide product exports including USA, Canada and territories for Insureds with no physical presence there.

- Damage to property in the Insured's care, custody or control (subject to a sub limit of liability).
- Design error provided property damage or personal injury occurs.
- Damage to leased premises.
- Ownership, maintenance, operation or use of watercraft up to 8 metres.
- Exemplary damages.
- Sudden and accidental discharge of pollutants.
- Liability assumed by agreement.
- Liability under the Forests and Rural Fires legislation.
- Service and repair of motor vehicles.

Business

Cover is only provided in respect of the business activities detailed in the policy schedule. Therefore, any additional activities that may commence during the policy period need to be notified to the insurer immediately, otherwise no cover is provided

Claims Reporting Requirements

It is important that any claim or circumstances that you become aware of that may give rise to a claim (regardless of when the original cause or event giving rise to the claim occurred) is notified to the Underwriter immediately. Failure to notify will prejudice your rights to indemnity under the policy.

1. Claim

A claim is when another party had advised you, either verbally or in writing, that they will make a claim against you, will take legal action or will sue you. It generally involves a demand made by a third party on the Insured for compensation.

2. Circumstance

A circumstance that may give rise to a claim is a subjective matter. . As a general guide the circumstances must be such that:

- There is an indication that a claim will be made against the Insured; or the Insured has reason to suspect that they have done something wrong or that there would be merit to a claim being made, or
- A threat is made either verbally or in writing that another party will take legal action against you, or
- It can be any circumstance that could eventually lead to a claim being brought against you.

Whether or not circumstances are such that they may give rise to a claim depends on the facts of the particular case

3. Claim Notification to the insurer

Notification to the Insurer must be adequate, meaning that the Insured must provide proper particulars of the circumstances, which may give rise to a claim in order for the advice to be accepted as a notification under the policy. A general indication that things are wrong and claims are likely is not enough for the Insurer to accept a notification.

Generally if the Insured can provide the following, proper notification will have been achieved:

1. What happened to make the Insured believe there is a circumstance
2. Why the circumstance has the potential to give rise to a claim
3. When the event occurred
4. Who the potential claimant is
5. Where the alleged mistake occurred

4. When do claims have to be notified?

The best time to report a claim or circumstance is immediately you become aware of it.

Some Useful Definitions

Claim Settlement Expenses

The expenses incurred in the investigation, assessment and settlement of a claim - including direct (eg court costs, legal fees) and indirect costs (eg expenses of the claims department).

Deductible / Excess

The amount of loss that is to be borne by the party insured prior to being able to claim on the policy.

Limit or Limit of Liability

The maximum amount an insurer will pay under a particular policy coverage.

Solvency

Ability of a company to meet its liabilities as they fall due.

Subrogation

The right of an insurer to recover from a third party who is wholly or partially responsible for a claim paid or payable by the insurer.