

Property owners liability insurance explained

The property market is an industry that, perhaps more than any other, is littered with jargon, acronyms and terms of phrase that most people at least recognise, but would be hard pushed to come up with an understandable, comprehensive definition.

'Of course, you'll need this, and you won't get anywhere without that etc etc' people will say with knowing looks while others nod in sage agreement while the actual meaning of what they are saying falls by the wayside.

Two of the main insurance policies you are likely to encounter are public and employers' liability insurance. It's important to understand each of these thoroughly and know your own policy inside out, so here's an explanation of them both.

Public liability insurance

This provides protection and cover should a member of the public be injured in an accident, and your business is found to be liable. In property terms, this means, for example, if a tenant tripped over some loose carpet on the stairs and injured themselves, you'd be covered should they decide to make a claim.

Of course, as a landlord the safety of your tenants is paramount and naturally the property will be as safe, sound and secure as possible. It's a fact of life, however, that accidents happen and it's always best to plan and prepare for the worst case scenario.

If you are found to be legally liable for a tenant's claim, a public liability insurance policy will cover you for any damages that are awarded to the claimant following the outcome, the legal costs you will inevitably incur while defending the claim and, if you are found to be at fault, the legal costs for the claimant.

Basically, it's a safety net. The consequences of an accident occurring in a building without public liability cover don't really bear thinking about.

Employers' liability insurance

In many ways, this is largely the same as public liability insurance. The main difference is that, as opposed to a tenant or guest, employers' liability insurance protects you from claims made by people you may employ. For example, should a handyman or similar have an accident while working at one of your properties, your policy will cover the costs of your legal proceedings and, if the claimant is successful, damages awarded and the cost of prosecution.

Another difference is that employers' liability insurance is an unavoidable necessity required by law. Quite simply, if you have any employees to speak of, you need a policy.

What's important is to work out whether or not someone who works for you can be defined as an employee. For example, someone who operates as an independent contractor and therefore do not exclusively work for you and you don't have them on your payroll may not need employers' liability insurance.

Should you supply the equipment needed to do the work, and if you have the right to control where and when they work, as well as how they do it, then they are, in all likelihood, an employee and cover is necessary.

The vast majority of residential blocks will have employers' liability cover as the building is normally managed by an agency or company and maintained by a team of staff.

As ever, it is best to err on the side of caution and thoroughly research and seek advice before taking action. The consequences of getting it wrong can prove seriously expensive on both a financial and professional level. Reputation goes a long way in property but, more than that, the legal ramifications of not having sufficient cover can bring your career to its knees.