

Employers Liability insurance explained



What is employers' liability insurance?

Where public liability insurance provides protection to the public, employer's liability insurance offers a similar insurance for your staff and employees.

If any of your staff suffer an injury, become ill or have an accident as a result of the work they are doing for your business, they may

be entitled to compensation and this is what your employers insurance can cover.

An employer has a duty of care to compensate loss or injury of this kind so it is a legal requirement for a business with any number of staff to have minimum of £5million employer's liability insurance.

How much cover do I need?

The legal minimum cover is £5million. This means you must be able to pay out up to this amount in compensation claims including costs. The insurance company that provides your cover will pay the full amount in the event in a claim meaning you don't have to pay an excess or part of the claim.

This is only the legal minimum though and a larger business may require more depending on the nature of the business and the number of employees.

If you are unsure to the amount you need, your advisor/broker will ask a number of questions during a quote which will give them the insight into your business which help them to find the right level of cover.

Do I need employers' liability insurance?

If you have contracted employees you will almost certainly need employer's liability insurance.

There are some other occasions that are exempt but these can vary depending of the nature of the work, the relationship, the contract between you and the staff member. Always seek advice before you leave yourself, your business and your employee vulnerable.

Employer's liability insurance is mostly likely needed if:

- The equipment, materials and/or work premises are owned by you.
- You are paying national insurance for any of your staff

- You maintain control of where and how they perform their work
- They work under similar conditions and treatment to another member of staff who is covered by the insurance.

Staff who may not need employer's liability cover are

- You, the business owner
- Close family members
- Un-paid workers
- Some independent contractors or non-exclusive workers



I have my insurance, what now?

When you take out the insurance you will receive an employer's liability insurance certificate. You are required to display this for all of your employees to view. Since 2008 this can also be displayed digitally, although you must be confident all of your employees fully understand how to access it, and where it is.

It is best to display the certificate in a communal space which is accessible to all staff, like a kitchen, hallway or staff room. Most employers have one space in their premises where they display all legal documents including others such as health and safety certificates and fire safety notices.

The fines

- Employers can be fined of up to £2500 a day whilst they don't have adequate liability cover.
- If an employer is not correctly displaying their insurance certificate they can be fined up to £1000.

Best value

Most businesses need a combination of different liability and business insurances. Combining these together or finding a suitable packaged policy will often return the best value.