
Public Liability Policy Wordings

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This policy covers the amount which the insured becomes legally liable to pay as damages to third parties as a result of accidental death, bodily injury, loss or damage to the property belonging to a third party.

Highlights

This policy covers the amount which the insured becomes legally liable to pay as damages to third parties as a result of accidental death, bodily injury, loss or damage to the property belonging to a third party. The legal cost and expenses incurred in defending the case with prior consent of the insurance company are also payable subject to certain terms and conditions.

One can insure more than one unit situated in different locations under a single policy.

The policy offers a benefit of Retroactive period on continuous renewal of policy whereby claims reported in subsequent renewal but pertaining to earlier period after first inception of the policy, also become payable.

Scope

We issue three types of Public Liability Policies.

1. Public Liability Non Industrial Risk - For offices,hotels, cinema houses,hospitals, schools etc.
2. Public Liability Industrial Risk - For godowns , warehouses and factories.
3. Public Liability Insurance Act 1991 - This is a mandatory policy to be taken by owners ,users or transporters of hazardous substance as defined under Environment (Protection) Act 1986 in excess of the minimum quantity specified under the Public Liability Insurance Act 1991.

Add on covers

The Public Liability Policy can be extended to cover the following risks on payment of an additional premium.

- a. Natural calamities like flood, earthquake etc.
- b. Pollution Risk subject to NOC from Pollution Control Board
- c. Transportation Risk

How to select the sum insured

In Public Liability Policy, the sum insured is referred to as Limit of Indemnity. This limit is fixed per accident and per policy period which is called Any One Accident (AOA) limit and Any One Year (AOY) limit respectively. The ratio of AOA limit to AOY limit can be chosen from the following :

- a.1:1
- b.1:2
- c.1:3
- d.1:4

The AOA limit which is the maximum amount payable for each accident should be fixed taking into account the nature of activity of the insured and the maximum number of people who could be affected and maximum property damage that could occur, in the worst possible accident in the insured's premises.

In the case of Public Liability Insurance Act 1991, the AOA limit should represent the paid up capital of the company subject to maximum of Rs.5 crores. The AOY limit is fixed at 3 times the AOA limit (Max.Rs.15 Crores).

How to claim

Legal liability under the Law of Tort ,can arise under several circumstances in insured's premises such as

- a. Collapse of building structure
- b. Accidental falling of fixtures
- c. Bad maintenance or poor housekeeping resulting in accident to visitors on the premises
- d. Accidental leakage of toxic substance which pollutes the atmosphere and injures or kills people

The term "liability" means responsibility and "legal liability" means responsibilities which can be enforced by law. Legal Liability may be classified into Criminal Liability and Civil Liability. Only Civil Liability claims are payable.

Civil Liability claims will arise if there is prima facie evidence of negligence by the insured resulting in injury or death to any third party or resulting in damage to property belonging to a person other than insured, or in insured's custody.

Negligence will be proved only when following conditions are satisfied:

- a. Existence of duty of care
- b. Breach of this duty
- c. Injury suffered by a person or property damaged as a result of that breach.

In case of any event likely to give rise to a liability claim as described above, insurance company should be informed immediately. In case any legal notice or summons is received, it should be sent to the insurance company. The company has the option of arranging the defence of the case.

The event giving rise to the claim should have occurred during the period of insurance or retroactive period and the claim first made in writing against the insured during the policy period. The maximum amount payable including defence cost will be the AOA limit selected. The any one year limit will get reduced by the amount of claim or indemnity paid for any one accident. Any number of such claims made during the policy period will be covered subject to the total indemnity not exceeding the Any One Year limit.

In case of Public Liability Insurance Act 1991 Policy, any award which exceeds the AOA limit will be paid by the government through Environment Relief Fund to which the insured has to contribute an amount equivalent to the premium paid under the Public Liability Insurance Act Policy.

The policy will not pay for claims arising out of contractual liability, intentional non-compliance of any statutory provision, loss of goodwill, slander, fines, penalties, libel, false arrest, defamation, mental injury etc.