

## Employers' Liability Insurance



Employers' liability insurance protects employers from claims of negligence made by employees who suffer injury or ill health due to their work. Unlike most other types of insurance, employers' liability insurance is compulsory. If you employ workers based in England, Scotland or Wales (including offshore installations or associated structures), your company must carry employers' liability insurance to avoid fines.

### How Much Cover is Needed?

You are required by law to carry at least £5 million of Employers' Liability cover. However, depending on the size and the nature of your business, the minimum level of cover may not offer your company adequate protection. An experienced insurance professional can help you evaluate your risks and liabilities to determine the right amount of cover for your business needs.

### What Happens if I Do Not Have Employers' Liability Insurance?

The Health and Safety Executive (HSE) enforces the law on employers' liability insurance. You can be fined up to £2,500 each day you are without suitable insurance. If you do not display the certificate of insurance or refuse to make it available to HSE inspectors when they ask, you can be fined up to £1,000.

### What Determines the Size of My Premium?

The size of your premium is based on these factors:

1. The type of business you operate (your 'base rate')
2. Your loss history (the severity and frequency of your past claims and accidents)
3. The quality of your health and safety risk management system

Your 'base rate' is the starting point used to determine the size of your premium. It is based on the type of business you operate and is calculated using historical claims data for other companies doing similar work. Trades and industries that have a lot of claims and accidents are assigned a high base rate. Industries that have a low number of claims have a lower base rate.

The size of the premium you pay is often higher or lower than your base rate, depending on your loss history and the quality of your health and safety management system. Companies with an excellent loss history and a high quality health and safety risk management system can substantially reduce their premiums, whereas companies with a poor record of safety pay more.

### How Can I Reduce My Premium?

It doesn't make sense to change the nature or scale of your business just to reduce your premium, and you cannot change your company's past claims history. The one factor you can influence is the quality of your health and safety risk management system. Not only can implementing a robust health and safety risk management system reduce your premiums in the short term, but it may also lead to a reduction in future claims—which will mean lower premiums in future.

To learn more about employers' liability insurance or the benefits of implementing a health and safety risk management system, contact Sirelark Risk Services today.

Provided by Sirelark Risk Services

The content of this Cover Overview is of general interest and is not intended to apply to specific circumstances. It does not purport to be a comprehensive analysis of all matters relevant to its subject matter. The content should not, therefore, be regarded as constituting legal advice and not be relied upon as such. In relation to any particular problem which they may have, readers are advised to seek specific advice. Further, the law may have changed since first publication and the reader is cautioned accordingly. © 2012-2013 Zywave, Inc. All rights reserved.