

A vertical image showing a heavy rain falling over several umbrellas. One red umbrella is prominent in the upper right, while several black umbrellas are visible below it. The rain is depicted as numerous white streaks against a grey, overcast sky.

RIFT

Safety in numbers

A GUIDE TO ESSENTIAL INSURANCES

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A GUIDE TO ESSENTIAL INSURANCES

Did you know that if someone uses your service or product and hurts themselves, or your employee is injured at work, you are likely to be liable for compensation? Below is a quick guide to the essential insurances you need in place, whether you are self-employed or have a Limited Company.

PROFESSIONAL INDEMNITY INSURANCE

- If your business gives advice, offers a design service or handles data or intellectual property belonging to a client or business, you may need professional indemnity insurance.
- This cover is to protect you against a claim for negligence or a mistake that leaves the client out of pocket. For example, you may have given them business advice that turned out to be incorrect, or sent out some confidential client details by accident to someone else.
- Even if you've done nothing wrong, the cost of defending these claims can be very high.
- Only certain types of businesses would need this type of insurance, which can range in cover from £50,000 to £5 million and more. This insurance is optional, but if you are a consultant on your own or a small design service it should only cost around £80 to £100 a year.

PUBLIC LIABILITY AND PRODUCTS INSURANCE

- Public liability insurance provides cover against claims made by members of the public who have suffered injury, or damage to their property, in connection with your business. For example, you may accidentally cause damage when on a client's premises, or they may hurt themselves while using one of your products or services.
- In these circumstances, they may seek compensation for loss of earnings, future loss of earnings and/or damages. There would also be legal costs in defending the claim and their legal costs if you are found to be at fault.
- Public liability insurance is optional, but it's probably worth the peace of mind. If you are a very small business and you put this in place along with Employer's Liability Insurance (see below), then it should cost around £80 to £120 a year.

EMPLOYERS' LIABILITY INSURANCE

- If you employ someone, whether through the payroll or on an occasional basis, you are responsible for their health and safety at work. If they are injured or become ill as a result of their job, they could claim compensation from you.
- You are legally obliged to have Employers' Liability Insurance. That means as soon as you employ someone it is compulsory to have this insurance in place to the value of £5 million. You could be fined if you do not have it.
- The only exception is if you are the sole employee and own all the shares in the company, or if you are self-employed and paying close family members.
- When you have the insurance you will receive a certificate, which needs to be displayed where your employees can see it.
- The cost is usually around £60 to £80 a year if you only have a couple of employees and arrange the cover at the same time as Public Liability Insurance (above).

DIRECTORS AND OFFICERS INSURANCE

D&O insurance for small companies is usually for the Directors and senior members of staff to protect themselves against compensation claims.

In the case of small companies, this would usually be an employee seeking compensation for a breach of Health and Safety or HR issues such as harassment, sexual discrimination, etc.

This insurance is optional for small companies and ranges from £120 to £150 per year.

IMPORTANT NOTE

Prices mentioned above are purely indicative and exclude Insurance Premium Tax at 6%. Premiums are dependent on rating factors including (but not limited to) type of business, size of business, insurance history and location.

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