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THE ULTIMATE GUIDE TO
**PUBLIC LIABILITY
INSURANCE**
IN THE UAE



WHAT'S INSIDE

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WHAT IS PUBLIC LIABILITY INSURANCE?

Public Liability Insurance covers you against claims made by third parties or a client that has suffered an injury or damage to their property as a result of your business, premises or a product supplied. All businesses have some exposure to tortious liabilities.



WHAT IS A TORT?

A Tort, is a civil wrong that causes a claimant to suffer loss or harm resulting in legal liability for the person or business who commits the tortious act. A person or business shall be liable under tort, if he commits an act or omission which results in loss or damage to another. In order to establish the liability of the tort-feasor, it may not be necessary to prove that the tort-feasor intended to cause loss to the claimant. It is sufficient if the claimant establishes that the tort-feasor violated a legal obligation to take reasonable care, whether intentionally or not.



TORTIOUS LIABILITY IN THE UAE

In the UAE, the principle of tortious liability is mainly accommodated under Federal Law No. (05) of 1985 on the issuance of the Civil Transactions Law (the "Civil Code"), under Articles 124, and 282 through 298. A very simplistic summary would be: Any harm done to another shall render the actor, though incapable of discretion, liable to make the harm good. The civil code mainly intends to safeguard personal security, property, reputation and economic interests of persons.

Public Liability claims can range from something as simple as a visitor slipping on a wet floor and even food poisoning from consuming the meal you prepared for a guest.

DO I NEED PUBLIC LIABILITY INSURANCE?



Do you own or rent a property such as a building, warehouse or an office?



Does your business involve work in public areas or visits to a client's premises?



Does your business involve manufacture or distribution of any products?

If your answer is yes to any of the above, you have some level of exposure towards third parties and it is highly recommended to have a public liability insurance to cover these risks. You may additionally be required by contract to provide proof of such insurance cover to your clients.

HOW DOES THE COVER WORK?

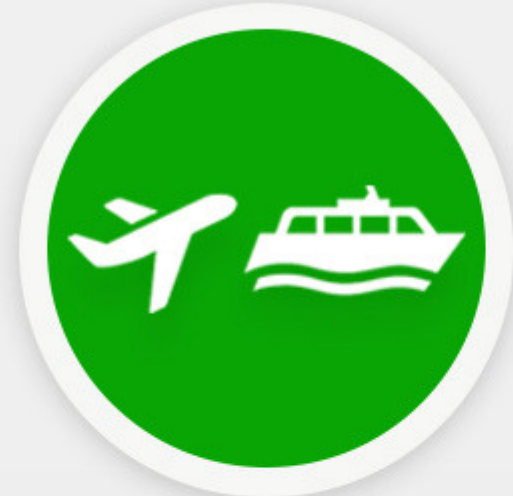
- Public Liability Insurance offers cover against claims from third parties or clients up to the limit specified in the policy. The limits would include costs of legal defense and damages awarded by a court.
- Limits can be offered from as low as AED 500,000 up to AED 100,000,000 on any one occurrence. Obviously the limits required may depend on a requirement from a Free Zone or as contractually required for a project.
- Insurers maintain the right to defend claims and Insured's aren't allowed to offer any remedy or accept liability without written consent of the insurers.
- Cover is usually offered on an "occurrence basis". This means that as long as a covered event has "occurred" within the period of insurance, the policy will respond. So, it doesn't matter if the claim was made after the policy expired.

WHAT TYPES OF CLAIMS ARE COVERED?

Public Liability Insurance covers the insured's liabilities to pay damages to third parties (including claimant's costs, fees and expenses) in accordance with the law for bodily injury or property damages. Additionally, it will include costs of legal defense against such claims. Instead of specifying the types of claims covered, Public Liability Insurance policies specifically exclude certain types of claims. Such as:



Any liability arising out of any owned or rented motor vehicle



Any liability arising out of any owned or rented aircraft or watercraft



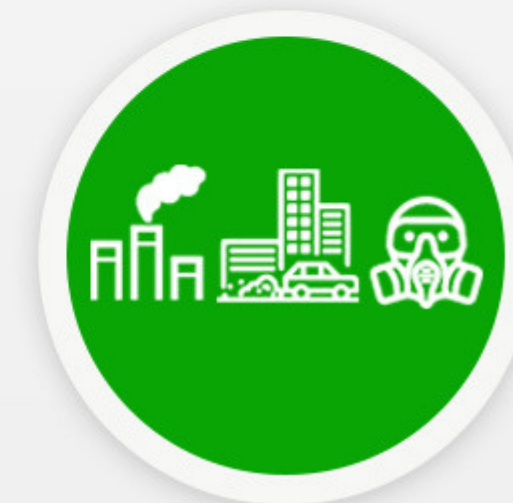
Any liability for property owned by the insured



Any liability arising out of ionizing radiation, radioactivity from a nuclear fuel



Any liability directly or indirectly arising out of war, mutiny, foreign enemy, rebellion, revolution etc



Any liability for pollution unless caused by a sudden, specific, accidental event



Any liability arising from a Product (Product Liability cover can be added on)



Any liability towards employees of the insured



Punitive or exemplary damages, fines, penalties



Pollution and contamination unless sudden, unforeseen and accidental.

PREMISES LIABILITY VS WORK AWAY LIABILITY?

Two types of Public Liability Insurance are typically sold in the UAE.

- Cover for premises risks only
- Cover for all business activities (including work away)



PREMISES RISKS:

Cover is provided only in respect of any third party claims arising out of your premises. This could be a visitor slipping on a wet floor in your office or a fire starting at your office and spreading to a neighbor.



WORK AWAY:

Cover is provided in respect of any third party claims arising out of your business activities. This could be from damage to a client's property while you carry out some work there or injury to general public while carrying out your business in a public area.

Depending on your business and risk exposure, your advisor will be able to recommend the right covers for you.

PRODUCT LIABILITY

Product Liability cover can be added to your Public Liability Insurance and in some cases also sold separately.

You are liable for any defective design, defective manufacture or defective warnings under UAE laws. Consumers affected by such defective products can bring a case against you under UAEs Consumer Protection Laws or on grounds of contractual or tortious liability.

I DON'T MANUFACTURE SO WHY DO I NEED COVER?

- In addition to manufacturers, UAE consumer laws hold all distributors, suppliers, agents liable for the products they sell. A grocery store may have kept an expired product on shelf or stored the product inappropriately leading it to be unfit for sale. Further, some manufacturer's are not based in UAE and only sell their products through various distributors. The only entity responsible for the product in the UAE would thus be the local distributor.
- Product Liability Insurance covers you against all financial claims for damage to property or bodily injury to third parties from the use of products you have manufactured or sold. Legal defense costs and claimants expenses and costs would also be included.
- Limits of cover available would be part of the limit included under the Public Liability insurance unless Product Liability is purchased separately. Limits of cover are available in a similar range as Public Liability.

WHAT IS NOT COVERED UNDER PRODUCT LIABILITY?

Product Liability cover mainly excludes the following claims:

- Costs of product recall (cover can be extended to include recall costs)
- Product guarantee or warranty (cover can be extended to include product guarantee)
- All other exclusions of Public Liability Insurance would apply

WHAT DO I NEED TO PROVIDE TO GET A PUBLIC LIABILITY INSURANCE?



Duly filled Public Liability Insurance proposal form



Insurers may request for resumes for the directors



Copy of any contract documents specifying insurance requirements



Financial service & investment advisory companies may require to provide insurers with financial statements and business plans

WHY WORK WITH INSURANCEMARKET.AE?

- Have access to all leading insurers to get you the best quotes and does the comparison for you!
- Ability to negotiate terms better due to the large volumes of business we place with each insurer
- Reads the fine print for you, advice on cover
- We know the market. Aware of each insurer's capabilities in terms of pricing, claims and other service TATs and friendliness
- Free of cost for you. No additional charges for the service
- Full service claims and policy admin team
 - Dedicated team to manage administration of policy including but not limited to managing additions/deletions
 - Dedicated team to follow up on claims matters including but not limited to reimbursement claims follow up, resubmitting and negotiating on claims being rejected, prior approvals etc.
- Escalation. We can better handle service issues as they are aware of all the contact points at the insurers office and can help quickly resolve problems. You need not be aware of all the people to get in touch with... just your dedicated advisor

BIBLIOGRAPHY:

mondaq.com

legaladviceme.com

inhouselawyer.co.uk



Protect Your Business From Unforeseen Liabilities

Get Public Liability Insurance Today!

Our team of qualified advisors is here to help you customize public liability insurance as per your business' needs.

GET PUBLIC LIABILITY INSURANCE