

Public liability insurance advice for not-for-profit organisations

Public liability insurance

Public liability insurance costs began increasing sharply in 2001 due to global and domestic instability from events such as September 11, the downturn in investment markets and the collapse of HIH Insurance.

The HIH group was a major provider of public liability insurance for not-for-profit organisations. A general increase in legal actions also contributed to increased claims and payouts for insurers.

Queensland Government action

Recognising the impact on community organisations, the Queensland Government adopted a strategic approach aimed at providing both immediate assistance and long-term solutions.

The strategy included tort law reform to address the causes of increasing premiums, exemption from insurance duty on public liability policies for eligible organisations, insurance price monitoring and a broker-based liability insurance scheme for community-based organisations.

Significant tort law reform

The Queensland Government has implemented a program of tort reform, incorporating the *Personal Injuries Proceedings Act 2002*, the *Civil Liability Act 2003* and the *Professional Standards Act 2004*.

These reforms have stemmed the rapid escalation of premium rates and a more competitive insurance market has now emerged.

Whilst these trends in premiums are favourable, the Queensland Government will continue to lobby the Federal Government to grant an extension of powers to the Australian Competition and Consumer Commission to ensure that the benefits of law reforms are passed onto consumers.

Duty exemption on premiums

The Queensland Government provides an exemption to eligible organisations from paying insurance duty on public liability policies. This is a 7.5 per cent saving on premiums.

Further information can be obtained from the Office of State Revenue by telephoning 1300 300 734. The exemption form can be downloaded at: www.osr.qld.gov.au

Risk management

Risk management is essential in preventing personal injury and containing insurance costs. Organisations with well-developed risk management plans are generally more readily accepted by insurance underwriters.

Frequently asked questions

Q: Why do I need public liability insurance?

A: A public liability insurance policy will protect an organisation against its legal liability to pay compensation to a third party for injury and/or property damage arising from an incident related to the organisation's normal activities. The policy also covers legal costs associated with defending a claim for compensation.

Q: Are volunteers covered under public liability insurance for any injury they suffer?

A: The policy will not pay claims for injury to a volunteer working for the organisation. Cover can be obtained through a personal accident policy. Personal accident insurance provides a monetary benefit in the event of accidental injury, disability or death which occurs whilst the volunteer is working for the organisation.

Q: Will the public liability insurance policy cover a special festival/event that we are holding?

A: Activities which are outside the normal activities of the organisation may not be covered. Advice should be sought from the insurer on additional cover for festivals or special events.

Q: Why do both hirers and owners of community halls require separate public liability insurance?

A: The property owner/manager and the hiring association are separate legal entities and an action may be brought against either or both entities.

The public liability insurance taken out by property owners provides cover for their actions only. The hiring association is advised to have a policy covering any liability that may arise from its actions and these may well be different to that of the property owner.

Q: What is risk management?

A: Risk management is the process of identifying risks which may result in personal injury or damage to property

and implementing strategies to minimise those risks. It need not be costly and many organisations are often surprised with how implementing simple and inexpensive measures can greatly reduce risk.

Q: As a volunteer am I personally liable?

A: The *Civil Liability Act 2003* provides protection for individual volunteers engaged in community work including as an office holder for an organisation from personal civil liability.

The conduct of the volunteer must be in good faith and without reckless disregard for the safety of any other person. The indemnity does not extend to situations where the volunteer is engaged in a criminal act, intoxicated, or acting outside the activities of the organisation or contrary to instructions.

Whilst individual volunteers may be afforded protection from personal civil liability, community organisations may still be liable for any negligence which led to injury or damage to a third party.

Aon Risk Services

Aon was appointed by the Queensland Government to provide advice to not-for-profit organisations regarding what insurance is available on the domestic and international markets. Aon can assist groups in obtaining affordable insurance.

Organisations are encouraged to contact Aon for assistance with quotations, placement of insurance and general advice on insurance related issues.

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**Queensland
Government**

For more information on public liability insurance contact the Queensland Government Insurance Fund (QGIF).

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