



Public Liability Insurance

If you intend to be an owner-builder or to contract out any type of building or trade work to either a building company, partnership or individual contractor, it is strongly recommended that you take out a public liability insurance policy.

Many people are under the misapprehension that because a contractor has their own WorkCover or personal injury insurance, they are automatically covered in case of an accident. What is not realised is that the builder's insurance company may then sue you, the owner, to recover their losses.

There are many different types and variations of public liability insurance available. For example some insurance companies allow you to add a public liability clause to your existing homeowners insurance policy to cover any person who has your consent to be on your property. If you choose this option it is recommended that you ensure you have a clause added to specify building industry workers and that the amount insured is adequate to cover a builder's potential loss of income, legal fees and rehabilitation costs.

A second is where you can take out a policy with a fixed time-frame. You and your builder may determine that your particular project will take six months to complete. You would then approach your insurance company to take out a policy to cover this time period, ensuring that you disclose the total cost of the project, the estimated number of workers on site and any other information relevant to the insurance cover. Failure to disclose this information may lead to non-payment of a claim, so it is in your best interests to fully inform your insurance company.

It is recommended that you approach several insurance companies and find out which of their policies suit your particular needs. While some people may feel that the cost of additional insurance is expensive, not being insured for public liability may result in you being sued for millions of dollars.

It is also important to note that as an owner-builder you assume the role and responsibility of the builder. An extremely important issue is to ensure that the work site is safe. For example, make sure there are no holes or debris on the ground where a worker could trip over and injure themselves. Contact your local council, telephone and electricity authority to ensure there are no live cables or pipelines where a worker could be hurt. Failure to take these precautions may result in the refusal of an insurance claim.

Insurance is one of the major issues you have to be concerned with when having building work done. Please take the time to ensure you have adequate and appropriate cover.