

Employers are responsible for the health and safety of their employees while they are at work. Your employees may be injured at work or they, or your former employees, may become ill as a result of their work while in your employment. They might try to claim compensation from you if they believe you are responsible. The Employers' Liability (Compulsory Insurance) Act 1969 ensures that you have at least a minimum level of insurance cover against any such claims. Employers' liability insurance will enable you to meet the cost of compensation for your employees' injuries or illness whether they are caused on or off site. However, any injuries and illness relating to motor accidents that occur while your employees are working for you may be covered separately by your motor insurance. Public liability insurance is different. It covers you for claims made against you by members of the public or other businesses, but not for claims by employees. While public liability insurance is generally voluntary, employers' liability insurance is compulsory. You can be fined if you do not hold a current employers' liability insurance policy which complies with the law.

Do I need employers' liability insurance if my employees work abroad or my company is based abroad? If any of your employees are normally based in England, Scotland or Wales (including offshore installations or associated structures) you must have employers' liability insurance.

Which insurance companies can sell me employers' liability insurance?

You must use an authorised insurer. If you do not, you may be breaking the law. You should check that your insurer is authorised

Can my insurance policy contain conditions?

If you take out employers' liability insurance, you will have an agreement with your insurer about the circumstances in which they will pay compensation. For example, the policy will cover the specific activities that relate to your business.

How much cover will I need?

You must be insured for at least £5 million. However, you should look carefully at your risks and liabilities and consider whether you need insurance cover of more than £5 million. In practice, most insurers offer cover of at least £10 million.

Do I need to tell my employees that I have employers' liability insurance?

When you take out or renew a policy, your insurer will give you a certificate of employers' liability insurance. This must state clearly the minimum level of cover provided and the companies covered by the policy. You must display a copy of the certificate of insurance where your employees can easily read it.

Does the law apply to me?

You need employers' liability insurance unless you are exempt from the Employers' Liability (Compulsory Insurance) Act. The following employers are exempt:

Most public organisations including government departments and agencies, local authorities, police authorities and nationalised industries.

Health service bodies, including National Health Service trusts, health authorities, primary care trusts and Scottish health boards.

Some other organisations which are financed through public funds, such as passenger transport executives and magistrates' courts committees.

Family businesses, i.e. if all of your employees are closely related to you (as husband, wife, civil partner, father, mother, grandfather, grandmother, stepfather, stepmother, son, daughter, grandson, granddaughter, stepson, stepdaughter, brother, sister, half-brother or half-sister). However, this exemption does not apply to family businesses which are incorporated as limited companies.

Companies employing only their owner where that employee also owns 50% or more of the issued share capital in the company.

Do I need employers' liability insurance for all the people who work for me?

You are only required by law to have employers' liability insurance for people who you employ under a contract of service or apprenticeship.

Whether or not you need employers' liability insurance for someone who works for you depends on the terms of your contract with them. This contract can be spoken, written or implied.

Do I need to keep copies of certificates of insurance which are out of date?

Since 1st October 2008 there has been no legal requirement for employers to keep copies of out-of-date certificates. However, employers are strongly advised to keep, as far as is possible, a complete record of their employers' liability insurance. This is because some diseases can appear decades after exposure to their cause and former or current employees may decide to make a claim against their employer for the period they were exposed to the cause of their illness. Employers that fail to hold the necessary insurance details risk having to meet the costs of such claims themselves.

What happens if I do not have employers' liability insurance?

The Health and Safety Executive (HSE) enforces the law on employers' liability insurance and HSE inspectors can check that you have employers' liability insurance with an approved insurer for at least £5 million. They may ask to see your certificate of insurance and other insurance details.

You can be fined up to £2500 for any day which 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 £1000.

Where can I go for further information?

If you need legal advice, for example, if you are unsure about whether someone is your employee, you can consult a solicitor or go to a legal centre or a Citizens' Advice Bureau.

If you want further information and advice about anything in this leaflet, you can get in touch with: Your local HSE office. You can find their address and telephone number under Health and Safety Executive in the telephone directory or download information from HSE's website: www.hse.gov.uk