

Employers' Liability Insurance

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Dave Draper has worked in the insurance industry since 1986, working as an underwriter for Builder's Accident Insurance Ltd., Charrington, Newline and Chubb where he was Senior Casualty Underwriter. In 2004 he joined QBE as UK/Europe Portfolio Manager and three years later was promoted to Joint Head of the newly integrated UK and Ireland Division within Casualty. He is now Head of Business Development. Dave is ACII qualified with Chartered Insurer status.



The majority of employers are required by law to insure against injuring their employees whilst working in the UK. Employers' Liability will meet the compensation and legal costs arising from any such injury.

What does it cover?

Employers' Liability (EL) Insurance will meet the cost of compensation for injuries sustained to employees (or illnesses), whether caused on or off the company's premises. It should be noted that this type of insurance only covers the employees of the company.

What does it not cover?

The policy coverage does not include people on sick leave or any action brought by an Industrial Tribunal.

How do insurance wordings differ for this class?

As this class is a compulsory insurance and the parameters of that cover are defined by the Employers Liability (Compulsory Insurance) Act and subsequent amendments, wordings tend to be generic. However, some extensions are provided beyond that required generally, relative to overseas working and unsatisfied Court Judgments.

What are the typical exclusions?

Exclusions are not allowed on an EL policy. However, restrictions to types of business undertaken may be noted in the 'Business' description of the employer. For example, 'demolition not involving any use of asbestos'.

What limits are available/typically purchased?

The minimum legal requirement is GBP5m per employer. However, the usual limit is GBP10m and, depending upon the size of the employer, limits can be bought of GBP100s of millions.

What is the typical length of a policy?

12 months. However, the policy indemnifies the Insured for all claims caused during that period for which claims can be made many years in the future.

Is there a significant premium variation for different geographies?

No. However, there are areas of the UK with a more litigious nature and in these areas premiums may be set accordingly.

What should buyers look out for?

One of the most important aspects is the insurer's claims handling capabilities, as well as their having a proven track record in writing this type of business.

Who offers this type of insurance?

In addition to QBE the main players in this market are Zurich, RSA, Chartis and Aviva.

Notable claims

The most notable claim was the Piper Alpha incident on July 6, 1988, where the North Sea oil production platform exploded resulting in a fire which killed 167 people.

Opinion

History and development of Employers Liability Insurance.

Although the first Employers Liability Act came into force as far back as the 1880s, it wasn't until the EL Act of 1969 came into force that the insurance became compulsory.

It is almost unique to the UK with only Ireland having a similar product, although it's not compulsory there. Most of Europe, the US, Canada and Australia, as well as many other territories, follow a Workers Compensation approach where the injured employee does not have to prove that their employer has been negligent and they are compensated on a specified basis.

It is not only accidents that impact upon this class. The significant cost of asbestos related claims is well known and had cost insurers in excess of GBP20bn by 2004. This value continues to increase by the day.

Following the Piper Alpha disaster of 1988 an amendment to the Employers' Liability Act allowed insurers to apply a limit of indemnity to policies, initially of GBP2m minimum and now GBP5m.

The most recent developments have seen the Access to Justice Review (known as the Woolf reforms) allow 'no-win, no-fee' solicitors to bring claims at no financial risk to the injured employee and as a consequence a large increase in the number of claims, especially for the less serious injuries. Such is the extent of the costs incurred by these solicitors and, as a consequence, the premiums paid by employers that the legislature are currently looking to review this process whilst retaining the right to compensation for the injured employees.

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Client support and controlling costs

In addition to the cost of paying damages to an injured employee and the significant associated legal costs, there is also the direct cost of the employee being absent from the workplace. To ensure these costs are contained and minimised, it is important that employers' implement robust health and safety policies and practices, provide occupational health resources where necessary and provide sufficient absence management policies. Your insurer should be able to assist in all of these areas. ■

Company Profile

QBE is one of the world's leading insurers and reinsurers, operating out of 49 countries around the world, with a presence in all of the key insurance markets. The roots of QBE run deep. All the way back to 1886, in fact, when two enterprising young Scots went into business in Queensland, Australia. The company they founded grew and spread eventually becoming one of the world's leading insurers and reinsurers, operating out of 49 countries around the globe, doing business in more than 100 and with over 14,000 staff worldwide.

Security is a vital consideration when choosing an insurance company. Our financial strength and the high ratings it achieves, provides a significant level of reassurance. Since our first office opened in London in 1904, QBE European Operations (QBE EO) has evolved to become the business insurance specialist it is today. Through organic growth and strategic acquisitions, QBE EO now operates from nine UK and Ireland regional centres as well as 17 countries across mainland Europe and has offices in Dubai, Canada, and Singapore.

Our strength in London is not at the expense of the rest of the UK and Europe. We have underwriting centres throughout the UK and Ireland (Birmingham, Bristol, Chelmsford, Dublin, Glasgow, Leeds, Manchester, Norwich and Stafford) as well as all the major financial centres across mainland Europe. So wherever you are based, we can offer you outstanding service from people with local, in-depth knowledge. All of our underwriters are empowered to make their own decisions, whilst being able to draw on the broad experience of our product experts.