



GUIDELINE – Requirement for Public Liability Insurance

Author: Risk Management Coordinator

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1. Background information/Situation

Public Liability insurance provides cover to policy holders for claims for personal injury or damage to property arising in connection with the policy holders listed activities. Council requires all suppliers, contractors and consultants, who have the potential to incur such a liability, to hold appropriate Public Liability Insurance cover.

The standard amount of Public Liability insurance Council requires is \$20m.

The limit of indemnity must be sufficient to cover all claims that arise from one event, ie the maximum potential loss (MPL). In the case of a fire, this might include death or bodily injury to members of the public, loss or damage to the building, damage to the surrounding environment, clean-up of pollutants and damage to neighboring properties. In addition, the limit must be sufficient to cover court awards or settlements agreed years into the future. Where minors are involved, they may not commence their action until they turn 18 years of age.

Where contractors are engaged to undertake work considered to be high risk on a Council owned property, Council may not accept a Public Liability Insurance limit of indemnity less than the current insured value for the property. For example, where high risk work is to be undertaken on Council's Administration Building, the contractor may be required to provide evidence of Public Liability Insurance to a minimum limit of indemnity of \$30m.

In instances where the maximum potential loss (MPL) may exceed \$20m and the risk is likely or almost certain to eventuate, suppliers, contractors and consultants may be required to hold Public Liability Insurance with a sufficient limit of indemnity to match the MPL as determined by the risk assessment.

The following table provides some examples of common activities and their associated level of risk;

Nature of Work	Level of Risk	Limit of Indemnity Required
Hot works on a Council owned facility	High	\$20m or MPL
Road sealing works	High	\$20m
Construction of a new facility	High	\$20m or MPL
Painting interior of facility	Medium	\$10m
Cleaning / minor maintenance work of a community hall	Medium	\$10m
Trainer providing theoretical, classroom- based training program	Low	\$5m
Consultant preparing strategy (no site visits involved)	Low	\$5m

The Corporate Risk team receives requests from staff to vary the limit of indemnity of Public Liability Insurance required from suppliers, contractors and/or consultants. This guideline is intended to provide staff with a consistent, systematic method to determine whether a departure (reduction or increase) from the standard requirement is justified.

2. Target Audience / Users

All Port Stephens Council employees who engage suppliers, contractors and/or consultants.

3. Procedure Description

Staff must read this guideline to identify when Public Liability Insurance is required.

Where Public Liability Insurance is required, staff must request the supplier / contractor etc. provide evidence that they comply with the standard \$20M, or seek advice from Corporate Risk.

In consultation with Corporate Risk, where there is a view that the standard \$20M coverage is excessive for Council's level of risk exposure (related to the service supplied by the consultant / contractor), a submission can be made requesting (with justification and approval) a reduction in Public Liability Insurance cover – see **Public Liability Insurance Requirement form**. This submission requires:

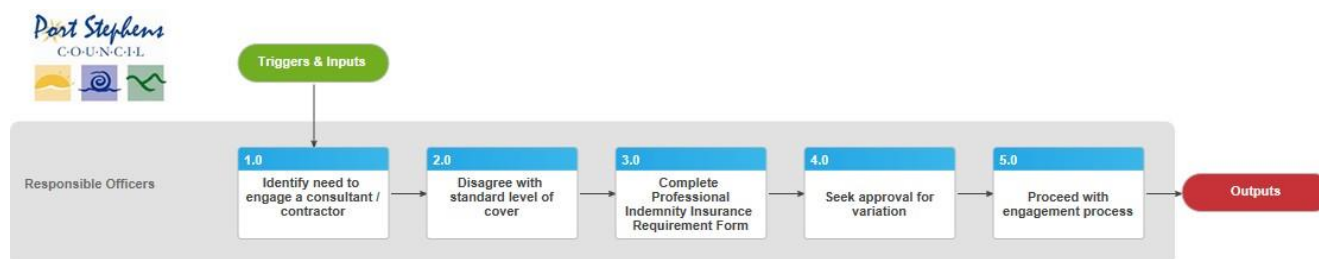
1. **Approval** from the relevant Section Manager, and
2. **Endorsement** by the Corporate Risk Team

With this approval and endorsement, the requesting staff member must ensure a copy of the completed form is included in the relevant EDRMS file for the subject tender, licence application, request for quotation, etc. and SitePass (as required).

Where the Corporate Risk Team does not endorse the variation in Public Liability, the requesting staff member (or their Section Manager) is required to engage their Group Manager for consideration. The Group Manager can reject the submission or formally accept the risk.

A copy of the Promapp process is attached, along with the **Public Liability Requirement form**, both of which can also be found on myPort.

4. Procedure Details



PUBLIC LIABILITY INSURANCE REQUIREMENT

Please complete this form to assist in determining whether a variation to Council's standard requirement of \$20 million Public Liability Insurance coverage is justified. Refer to the Port Stephens Council [Risk Management Plan](#) (RMP), Appendix 2, for the risk criteria.

Name: _____ Position: _____

Section: _____ Group: _____

CONTRACT / SPECIFICATION DETAILS:

Contract / Consultant / Supplier Name: _____

Contract Number: _____

Please provide a brief description of the nature of the works to be carried out or the engagement.

Why do you consider \$20 million PL cover to be unreasonable or overly onerous?

What inherent risks to Council do you think are involved with this project (immediate and ongoing)?

What controls are in place to mitigate the above risks?

If any of the risks you listed above were to eventuate, what would the consequences be?

Complete the Risk Assessment and calculate the Risk Rating

Refer to the Port Stephens Council [Risk Management Plan](#) (RMP), Appendix 2, for the risk criteria to determine:

Inherent consequence / impact: Level _____

Public Liability amount for approval (based on consequence): \$ _____

Approval (Circle selection)

Signature of Applicant: _____ Date: _____

Approved / Rejected by Section Manager: _____ Date: _____

Endorsed / Not Endorsed by CRT: _____ Date: _____

(Where 'Not Endorsed' by CRT):

Approved / Rejected by Group Manager: _____ Date: _____

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Author:	Risk Management Coordinator		
Review Timeframe: Max < 3 years	2 years	Next Scheduled Review Date:	30 December 2023
Approval:	Governance Section Manager	Date:	December 2021

6. Standards and References Applying

Title	Reference	Type
Risk Management – Principles and Guidelines	AS/NZS ISO 31000:2009	
Risk Management – Risk Assessment Techniques	AS/NZS ISO 31000:2009	

7. Related Documents and Forms

Title	Type	Status

8. Version History

Version	Date	Author	Details
1.0	15 Mar 2012	Risk Management Coordinator	
2.0	17 Mar 2014	Risk Management Coordinator	New Format
3.0	14 Nov 2019	Risk Management Coordinator	New Format & update hyperlinks
4.0	26 June 2018	Risk Management Coordinator	Updated wording in risk matrix

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4.1	13 Nov 2019	Risk Management Coordinator	Updated formatting
5.0	14 Nov 2021	Risk Management Coordinator	Updated in line with the new Risk Management Framework and added requirement for Group manager review / approval where assessment is not endorsed by Corporate Risk.