

Employer's Liability



Is ELI Compulsory?

Under the Employers' Liability (Compulsory Insurance) Act 1969, virtually every employer carrying on a business in the UK (excluding Northern Ireland) must obtain Employment Liability Insurance ("ELI"). Therefore obtaining ELI should be considered before setting up a trading presence in the UK.

What is it for?

All employers must maintain this insurance to cover against liability for any form of personal injury which an employee suffers during the course of employment or as a result of employment.

Who needs it?

Most businesses will be obligated to obtain ELI where the employer is responsible for employees. The term "employee" is broadly defined and can cover a number of situations, for example:

Casual/part-time workers – if the employer has casual or part-time workers ELI will be required.

Directors - Where an employer only employs directors there is still an obligation to insure (subject to the "Limited Company exception" below).

Are there any exceptions?

There are a number of limited exceptions, the most notable of which are as follows:

Limited Company sole employee exception - Where a sole-trader incorporates a company to carry on his/her business, and is the sole director/employee of that company, provided that he/she owns at least 50% of the share capital, then the statutory obligation to insure does not apply.

Public and Local Authorities - Some public authorities and government bodies are excluded from the obligation to maintain ELI.

Family businesses - Provided the family business is not a limited company, if there is a direct family relation between employer and employee(s) ELI does not need to be obtained.

Employees based abroad – If all the employees are based abroad the employer will not need ELI. If, however, they are normally based abroad but spend more than 14 days continuously in the UK, the employer will need ELI.

ELI duties

There ELI main duties are as follows:

1. Employers must maintain ELI to a minimum level of £5,000,000. However, the employer should look carefully at its risks and liabilities and consider whether insurance cover of more than £5,000,000 is required. In practice, most insurers offer cover of at least £10,000,000.
2. Employers must display a copy of their current insurance certificate at every place of business where an employee works. This can be electronically so long as your employees know how to access the certificate.
3. If an employee requests a copy of the certificate the employer should provide it to them within ten working days of the request.

Enforcement

The regulator who oversees and enforces the law on ELI is the Health and Safety Executive (HSE). HSE inspectors can check that employees hold ELI with an approved insurer for at least £5,000,000. They may ask to see the relevant certificate and insurance and other details.

Failure to obtain ELI is a criminal offence and the employer can be fined £2,500 for any day they are without suitable insurance. If the employer fails to display the certificate of insurance or refuse to make it available to HSE inspectors when they ask, the employer may face a fine up to £1,000.

How we can help

Due to our considerable experience in assisting international businesses setting up operations in the UK we often make introductions for our clients to reputable insurance brokers who can assist businesses with its ELI requirements.

**For More
Information
Contact One
of Our Partners
Today →**

Email: contact@ouryclark.com

Oury Clark London:

10 John Street, London WC1N 2EB

Tel: +44 (0) 20 7067 4300

Oury Clark Slough:

Herschel House, 58 Herschel Street
Slough SL1 1PG

Tel: +44 (0) 1753 551111

