

The Wording

The basic contract wording is the Public and Products Liability wording for AXA Commercial in the UK (see attached and also at the following link: <https://www.axaconnect.co.uk/commercial-lines/branch-traded/business-combined/>). This is considered a medium complexity contract type. The schedule contains three pieces of relevant information plus any endorsements:

1. That the PPL cover applies
2. The limit of liability e.g. £1,000,000
3. The Excess e.g. £1000

The Claims Scenario

The scenario to be imagined is that of a plumber undertaking hot work (e.g using a blowtorch) in a property. The details of the claims situation can be inferred from the wording and/or endorsements.

Contract Clauses Relevant to the Claims Scenario

The following clauses in the PPL Wording (and endorsements) are relevant to this Claims scenario:

1. Insuring (operative) Clause

We will cover the amount of damages which you are legally liable to pay in respect of

- 1 bodily injury
- 2 personal injury
- 3 property damage
- 4 nuisance or trespass

occurring during the period of insurance in connection with the business.

If legal liability to pay damages in respect of property damage or nuisance or trespass arises from a release or escape of pollutants into the atmosphere or onto land, water, buildings or any structure, the cover will only apply to a sudden incident which happens at a specific time and place during the period of insurance within the policy territories and all property damage or nuisance or trespass will be considered as having occurred at the time of the sudden incident.

2. Claims costs Cover

We will cover claim costs in connection with a claim for which an award of damages or clean up costs is paid or may be payable under this section, but we will not pay claim costs for any part of a claim not covered by this section.

3. Deliberate act exclusion

We will not cover claims

1 caused by or arising from any deliberate act, error or omission

a where the results are intended or expected, or are reasonably foreseeable by you

b by anyone other than you, so far as cover is requested for their own liability

2 for clean up costs in circumstances where you have knowingly

a deviated from any regulatory notice, order or protection ruling

b omitted to inspect, maintain or perform necessary repairs to plant or machinery for which you are responsible.

4. Employee injury exclusion

We will not cover claims for bodily injury sustained by any employed persons arising out of and in the course of their employment with you.

5. Rectification of defects exclusion

We will not cover claims to rectify, remedy, repair, replace, re-apply, modify, investigate, access or remove defective or unsuitable products or services, or to make any refund.

6. Hot work exclusion endorsement

We will not cover claims caused by or arising from hot work undertaken away from your own premises.

7. Hot work excess endorsement

The amount of the property damage excess shown in your schedule is increased to £ insert excess amount for each claim resulting from loss or damage by hot work.

8. Hot work precaution condition

The following precautions must be complied with each time that hot work is undertaken away from your premises

1 the area where the work is to be completed must be cleared of all combustibles

2 combustible floors and other combustible property which cannot be moved, must be protected by non combustible material and where welding, cutting or grinding equipment is being used, this must extend to at least 6 metres from or beneath the work area

3 where there is a danger of ignition either directly, or by conduction of heat, through any partitions or walls, the area on the other side must be inspected and combustible material removed

4 at least one fire extinguisher, of a type suitable for the use required, must be kept adjacent to the work or task and ready for immediate use

5 no heat producing equipment must be left out of view of its operator or firewatcher whilst lighted or powered or whilst hot

6 a thorough safety check for signs of fire or combustion around, above or below the work area must be made at regular intervals, for at least 30 minutes after each period of work is completed.

If you do not comply with this condition you will not be covered and we will not pay your claim.

9. Hot work precautions amendment endorsement

It is agreed that we will not enforce the “Hot work precautions condition” under the heading “Section conditions” in circumstances where you operate your own hot work permit system detailing the methods and precautions to be followed prior to, during and subsequent to hot work, a copy of which have been supplied to us and accepted by us in writing.

10. Sub-contractors (services) condition

If you appoint any sub-contractor (other than an employed person) to carry out services at the premises or site of a customer, you must take reasonable steps to obtain confirmation from the sub-contractor, prior to starting work, that they have Public liability insurance in force throughout the period of their involvement.

If you do not comply with this condition you will not be covered and we will not pay your claim.