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Employers' Liability Insurance - FAQs

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What is Employers' Liability Insurance (ELI)?

ELI is a legal requirement; 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 because of their work while in your employment.

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.

What does ELI cover?

It can pay the compensation amount and legal costs if an employee or an ex-employee claim compensation for a work-related illness or injury.

Do I really need ELI?

If you employ anyone, even temporarily, employers' liability insurance can cover compensation costs and legal fees. If you do not have ELI, you could be fined £2,500 for every day you are uninsured.

How much cover will I need?

You must be insured for at least £5 million but may need more depending on the risk and liabilities. Most insurers offer cover of at least £10 million.

Do I need additional cover for a student on work experience?

In most cases, you will not need additional employers' liability insurance for students who work for you unpaid, such as school students on work experience. Insurers will usually cover the above under existing employers' liability; it's a good idea to inform your insurer.

Do I need ELI if I only employ family members?

For family businesses, i.e. if all 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) you do not need ELI.

Please note that if the employee is a niece, nephew, uncle or aunt, you **will** need ELI.

What if my business is a limited (Ltd.) company?

The family business exemption outlined above does **not** apply if the family business is incorporated as a limited company.

Any business which is incorporated will need ELI regardless of any relationship to the young person on work experience.

For further information see the HSE & gov.uk websites:

HSE: [Employers' Liability \(Compulsory Insurance\) Act 1969: A guide for employers](#)

Gov.uk: [Find out about Employers' Liability Insurance](#)

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