



**Commercial Lease  
Specialists**

## INFORMATION SHEET

### Public Risk Insurance

We are often asked why we specify a public risk insurance amount in our leases and why the tenant has to take out this insurance when the landlord already has this type of insurance.

Basically, the answer is that it has to do with who is likely to have caused the injury (and who is ultimately liable for the damages it caused).

For example:

If a piece of the building falls and hits someone and renders them a paraplegic, they are going to sue the landlord. Hopefully he has insurance so his insurance company then takes over. The fact that the tenant has insurance won't help in this case as he can't insure something he doesn't own (the building).

If in another example the tenant leaves some oil lying around and someone slips over and as a result becomes a paraplegic, they will sue the tenant who hopefully will have public risk insurance and therefore not go broke and default on his rent.

The other consideration is that even though the tenant caused the problem, the landlord may have some liability simply because the accident occurred on his property.

Hence the need for the tenant to have public risk insurance to cover his "risk" and the landlord also to have public risk insurance to cover his "risk".

Generally, public risk insurance is bundled with building insurance and this generally provides the landlord's cover.

The tenant however, needs to take out a specific policy and because the landlord wants to make sure he does so, we put this in our lease documents which allows the landlord to ensure that the tenant has the appropriate cover.

Legally Binding Documents

Reasonable Fixed Fees

Documents in 48 hours

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