

What Insurance Do We Need?



Deciding what insurance cover a group or organisation needs isn't that easy. Whilst you need to establish an appropriate level of insurance to cover the groups' assets and liabilities, this must be balanced against the actual risk of any potential liabilities that the general public, your staff, committee members, volunteers and members may incur while carrying out the groups' activities.



Whatever type of insurance you take out, it is essential that it covers you for the right amount. If you are unsure how to calculate this, take advice from a selection of reputable insurance brokers who specialise in the Voluntary/charitable sector.

Whose name goes on the insurance?

Different rules apply to the various structures; always ask the advice of a specialist insurance company/broker.



Where to go for insurance?

An insurance broker sells policies from a range of insurance companies, whereas an insurance company only sells its own policies, therefore a broker should be able to offer alternatives which may prove more cost effective.



Details of selection of insurance companies and brokers who specialise in offering policies for voluntary and charitable groups/organisations are listed on page 7.

Public Liability Insurance

Public Liability Insurance is not a legal requirement but any organisation that owns or controls premises, holds public events or has dealings with the public would be foolhardy not to take out this cover. Many funders require it, some registrations such as childcare premises specify it within their conditions and proof often has to be shown for premises or facility hire.

Public Liability Insurance protects against claims by third parties, which includes service users and members of the public; for death, illness, loss, injury or accident caused by the negligence of the organisation. It generally covers anybody other than employees who comes into contact with the organisation.

It can also protect for loss or damage to property caused by someone acting with the authority of the organisation. Public liability cover should clearly cover loss or injury caused by volunteers, as this provides them protection from being sued as an individual.

Risks covered :

- Theft of a service user's property from a community centre
- Someone who has booked a room in your premises being injured
- A child injured on faulty play equipment, or because they were not supervised properly

What it does not cover:

- Injury to employees caused by the employer's negligence (Employer's Liability)
- Injury, property damage or other loss caused by provision of advice or professional services (Professional indemnity)

Using Third Party Premises

Please be aware that when using a building such as a Community Centre, Village Hall, or school premises etc, which belongs to somebody else they will carry their own Public Liability Insurance; this will cover any injury or property damage sustained by individuals if shown to be the fault or negligence of the owner/manager of the building. However, if it can be shown that an accident causing injury to a member of the public is due to the negligence or fault of the user group or its leaders then the responsibility lies with that group and not with the owner or manager of the building. Many small organisations are unaware of this fact and, innocently, assume that the Centre's Liability Insurance Policy covers them.

Public Liability Insurance, particularly for the smaller organisation, is relatively inexpensive when arranged by a Voluntary Sector Insurance Specialist and most carry a maximum limit of indemnity (or maximum payment for any one event) of £2 million.

Professional Indemnity Insurance

As a further extension of Public Liability Insurance, some larger organisations may well wish to consider Professional Indemnity Insurance but this is a specialist area and most organisations will not have need of it.

This may become a requirement where an organisation or its representatives provide advice of a professional nature to the general public, which, when acted upon, could cause harm or damage to third parties.

It can be extended to cover slander or libel which may be essential for some campaigning organisations.

Products Liability Insurance

Usually as a standard extension to the Public Liability Insurance, this provides cover in respect of the supply of free food and beverages and the possibility of such items causing an injury or third party damage.

However, some organisations may supply, sell or hire items to a third party other than free food and beverages i.e. a community café selling food on a more regular basis. If this is the case, it is recommended that specific Products Liability Insurance be obtained in order to protect against liability claims for injury or third party damage.

Employers Liability Insurance

If the organisation employs staff, it has a statutory duty to insure against claims by workers for illness, injury or disease caused by its negligence or breach of duty.

There is a minimum statutory cover for Employers Liability Insurance which is currently £10 million. Legislation is moving towards volunteers being classed as “unpaid employees” so organisations that “employ” volunteers should also consider Employers Liability Insurance.

An Employer’s Liability Insurance Certificate must be prominently displayed in the workplace and it is a legal requirement that expired Certificates are kept for 40 years.

Volunteer Insurance

All groups/organisations that involve volunteers should ensure that they are protected by the most appropriate policy. As there are several different types of policies which can cover volunteers it is confusing to work out which is the most appropriate but basically ensure either your Employer’s Liability Insurance or your Public Liability Insurance explicitly mentions volunteers; they may not be automatically included in your cover.

Trustee Insurance

Committee members or Trustees may wish to have insurance cover for protection against personal claims against them. No insurance policy will give cover for dishonesty or fraud and it will not insure against liability for the organisation's debts, or negligence to third parties; nor will it affect the legal duty of trustees to "act in good faith, with reasonable care" for the organisation.

Whilst the Charity Commission make it clear that the charity's constitution should include the appropriate power, that the cover should not be too wide, and that the cost of the insurance be reasonable, then charitable organisations can buy this protection from their charitable funds.

It is important to keep the risk of personal liability in proportion. Very few trustees who have acted honestly suffer financial loss as a result of their trusteeship.

[Trustee liability insurance/National Council for Voluntary Organisations](#)

Charity Commission

[OG100 C4 Trustee Indemnity Insurance](#)

Car or Road Vehicle Insurance

In addition to the statutory requirement for all road vehicles to be insured, if you have volunteer drivers using their own vehicles you must make sure their vehicles have insurance cover for their volunteer use. As a general rule if the volunteer declares their volunteering role to their insurance company this is sufficient, however some insurance companies do add a charge onto the premium.

An organisation must ensure that vehicles owned by employees or volunteers are adequately covered if they are to be used for work purposes.

Buildings insurance

If the organisation leases a building it may be responsible for insuring the premises for the cost of rebuilding, if it owns the building, it does not, by law have to insure the premises.

However, the trustees of a registered charity, have a statutory duty to safeguard the charity's assets and could be considered to be in dereliction of their duty if they failed to insure buildings they own.

The costs of rebuilding, including all professional fees such as legal and the cost of temporary accommodation during re-building should be covered.

Material Damage Insurance

What happens if a Voluntary Sector Organisation should own some equipment whether kept in an office, in a Community Centre or even property that is used outside? Do these organisations consider insuring such equipment against fire or theft etc? Many feel that it is not worthwhile or may not know where to find appropriate competitive insurance cover. Organisations who use donated funds to purchase equipment etc should consider insuring such items.

Material damage insurance is provided in several forms;

Contents cover would relate to equipment used and kept on the premises at all times and would cover such incidents as fire, theft and could also extend to include accidental damage.

Stock cover relates to supplies of items that have been purchased by an organisation to sell or supply on that could also be damaged through fire and theft including literature etc.

All Risks would again relate to equipment purchased by an organisation, but that would be used away from the premises i.e. Laptop Computers. The All Risks cover would again cover the equipment for fire, theft and accidental damage but is on a wider basis covering the items whilst used anywhere in the British Isles.

Tenants Improvements Insurance

In many cases, an organisation may be in the position of renting premises but may make certain improvements to the set up of their space to assist with the way in which they run their organisation. This may include building partition walls or redecoration etc for which the tenant has spent money. In the event of a fire or other such incident, the buildings may well suffer severe damage that the landlord would claim for under their own Buildings Insurance.

However, the improvements that the tenant has made may not be insured under the landlords policy and the tenant may therefore suffer a financial loss by having to re-do the work. The tenant can therefore insure the “improvements” that they have made against such incidents as fire, theft damage etc.

Loss of Rent

As a landlord, certain circumstances may occur beyond the landlord’s control that may result in the building being unfit for occupation and subsequently rent not being received. The landlord can therefore insure the amount of Rent they receive for such loss. It should however, be noted that the reason for this loss must have resulted from something that would have been insured by a Buildings policy i.e. fire, storm flood etc.

Business Interruption Consequential Loss Insurance

As an organisation, circumstances may arise that result in the Loss of Income or whereby Extra Expenses are incurred following an incident that would be insured under the Buildings or Contents section of a policy. It is possible for an organisation to insure themselves against such losses under the Business Interruption or Consequential Loss section of a policy. An example of such an incident may be that the premises being used suffer a fire and are seen to be unfit for occupation. The organisation may therefore need to seek an alternative base for which they may incur extra costs i.e. higher rent, additional wages for staff to help with the move, removal costs etc.

Personal Accident Insurance

What happens if a paid employee or volunteer suffers an accident whilst working for the organisation, which is not in any way due to the fault of the organisation itself? It is possible, at a reasonable cost, to take out Personal Accident Insurance for employees and for volunteers whilst they are working for the organisation. If the cost is not excessive, is it not unreasonable to provide some protection in case an individual who gives up his/her time has an accident whilst helping the organisation.

Legal Expenses Insurance

Even if an organisation does not consider that Public Liability Insurance is viable, what if a member of the public makes a claim against the organisation on a “no win, no fee” basis. These situations are heavily advertised on daytime television and a Voluntary Sector Organisation is just as likely to be the recipient of such an action as any Private Sector Organisation.

Again, at relatively low cost, a Voluntary Sector Organisation can insure against the legal costs involved in defending any action against it.

Money

Many organisations hold small amounts of petty cash on their premises for several days before taking this to the bank. This may have come from donations received or fees charged etc for the services provided by the organisation. It is possible to insure this money whilst on the premises during open hours, overnight and whilst being taken to the bank, for theft.

In summary

No matter which unfortunate event occurs, it is the ultimate responsibility of the Trustees or the Management Committee. Whether money has to be found to replace stolen property, whether Solicitors fees have to be paid to defend legal action from a third party or whether a volunteer or a member of the public is injured, it is the Trustees or Management Committee who should have the greatest cause for concern. Proper and adequate insurance cover is not just a good idea but should be seen as a necessity, particularly when, as a society, we are becoming evermore litigious.

Whether you are a large organisation with several paid employees or a group of individuals that meet once a week or once a month for lunch or a coffee morning, the important issue is to be aware of the insurances available. It is essential that you take a step back, examine what your group/association actually does and how it functions and make a considered risk assessment of the type and level of cover that you actually need.

Always use an insurance broker that specialises in Voluntary Sector Organisations and always talk to and obtain quotes from more than one. Shopping around can save you hundreds of pounds!

The following is a selection of links to insurance companies/ brokers who specialise in cover for voluntary sector organisations.

Please note that this is not a list of recommendations and the order of listing is purely random.

Access Insurance

Tel: 020 8651 7420

www.charityinsurance.co.uk

M C Ladbrook

Tel: 01909 565858

www.ladbrook.co.uk

The Encompass Policy

Tel: 0800 731 8030

www.keegan-pennykid.com

Endsleigh Insurance Brokers

Tel: 01242 866800

www.endsleigh.co.uk

NCI Insurance

Tel: 0800 046 1446

www.ncinsurance.co.uk

Michael Morton

Tel: 0845 2570 900

www.mortonmichel.com

Ecclesiastical

Tel: 0845 777 3322

www.ecclesiastical.com

AON

Tel: 0845 740 2003

www.charities.aon.co.uk

Ansvar

Tel: 01323 737541

www.ansvar.co.uk

Case Insurance

Tel: 0845 225 2288

www.caseinsurance.co.uk



Other factsheets you may find useful:

Community Fundraising

Funding for Sports

Funding for Work with Children and Young
People

Local Charitable Trusts

Lotteries and the Law

Lottery Funding

Contact details

tel | 01482 324474
fax | 01482 580565
email | enquiries@hull-cvs.co.uk
office | The Strand
75 Beverley Road
Hull
HU3 1XL
website | www.hullcvs.org.uk

Disclaimer

Every effort is made to ensure that the information provided in this and other Hull CVS documents is accurate and up to date, but no legal responsibility is accepted for any errors, omissions or misleading statements. It is Hull CVS's policy to obtain permission to link to other web sites, and contextual links are provided to such sites where appropriate to Hull CVS's business. Hull CVS is not responsible for, and cannot guarantee the accuracy of, information on sites that it does not manage; nor should the inclusion of a hyperlink be taken to mean endorsement by Hull CVS of the site to which it points.

© 2009 Hull CVS Ltd

July 2010