

FACT SHEET

Insurance for Voluntary Organisations

Introduction

Management Committee members need to ensure that their organisation obtains adequate cover for the work it undertakes. They should look at what needs insuring and what the balance of risk is.

How to get insurance

An *insurance broker* sells policies from a range of insurance companies, whereas an individual insurance company sells only its own policies.

Details of insurance companies which offer policies specifically aimed at voluntary organisations as well as insurance brokers with experience of the sector are listed further on.

For many insurance policies it may be possible to pay a lower premium if the organisation covers more of the risk (similar to private car drivers, who can cut their premiums significantly by carrying a larger excess).

**Remember to check the small print in any policy
and
try to understand the cover you have bought**

Main Types of Cover – Compulsory Insurance

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 an employer's negligence or breach of duty. There is a minimum statutory cover for this insurance cover.

It is a legal requirement that the Employers Liability Insurance Certificate is prominently displayed in the workplace and that expired certificates are kept for 40 years.

Road Traffic Insurance

Any organisation that has a vehicle on the road must insure the driver(s) against third party risks (injury or death caused to other road users). Third party fire and theft or fully comprehensive insurance will give much better cover. An organisation must also ensure that vehicles owned by employees or volunteers are adequately covered if they are to be used for work purposes.

Chippenham: 3-4 New Road, Chippenham, Wiltshire, SN15 1EJ. Tel: 01249 654089

Bath: South Vaults, Green Park Station, Bath, BA1 1JB. Tel: 01225 330090

enquiries@developecs.org.uk

Other Insurance policies which may be required (e.g. by landlord, funder, service contract or may be in your best interest).

Public Liability Insurance

In this context, “public” means virtually everyone except the organisation’s employees. The policy may or may not include volunteers.

Public liability insurance covers personal injury or property damage caused by the organisation’s negligence or failure to comply with statutory duties. It could cover, for example, claims arising from:

- a worker breaking client’s property while visiting the client at home
- 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

Public liability insurance does NOT cover:

- injury to employees caused by the employer’s negligence (employers liability insurance is required for this)
- injury, property damage or other loss caused by the provision of advice or professional services (this requires professional indemnity insurance)

Buildings Insurance

If the organisation leases a building it may be responsible for insuring the premises for the costs of rebuilding. If it owns the building, it does not by law have to insure the premises. However, the trustees of a registered charity, who have a statutory duty to safeguard the charity’s assets, could be considered to be in dereliction of their duty if they did not insure the buildings they own. The costs of rebuilding, including all professional fees such as the legal fees, and the cost of temporary accommodation during re-building should be covered.

Plate Glass Windows

If the organisation leases property that has a shop front it may need special insurance to cover breakage either by vandals or accident.

Professional Indemnity Insurance

If the organisation provides advice or information to the general public this type of policy gives cover against any claims resulting from wrong advice. It can be extended to cover slander or libel which may be essential for campaigning organisations.

Contents Insurance

This gives cover against theft or damage, including fire.

- This type of cover may require you to comply with the insurer’s requests for secure locks, safes, burglar alarms, etc. to be installed to the premises.
- If volunteers have access to equipment and if your premises or equipment are shared with any other organisation you should inform the insurer.
- You should keep an up-to-date list of the ‘contents’ which you consider are covered and review the amount insured annually.
- Insuring property for less than its real value could invalidate the cover or mean that any claim will only be partially accepted.

All Risks Insurance

This insurance extends Contents Insurance to cover property which is used away from the organisation's main base.

Accidental Damage

This insurance is usually expensive, as it covers accidental damage to property. If the organisation shares equipment with anyone else it must tell the insurer. (It may be cheaper to hire expensive equipment such as video cameras.)

Equipment Damage and Breakdown

If your organisation has highly technical equipment such as computers, and depends heavily on them, you can insure them against damage and breakdown.

Accident and Medical Insurance

An organisation can insure against staff being off sick, including the cost of paying out sick pay. Some policies will also cover for staff sustaining injuries whilst at work.

Trustee Liability Insurance

Management Committees members may wish to have insurance cover for protection against personal claims against them. No insurance policy will give cover for dishonesty or fraud, nor will it affect the legal duty of trustees to "act in good faith, with reasonable care" for the organisation. If the organisation is a registered charity it needs the approval of the Charity Commissioners before paying for Trustee Liability Insurance (this permission is included in some of the more recent governing documents).

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.

General Points to Consider

- Fill out forms with due care - any organisation seeking insurance cover has a duty of "utmost good faith" to the insurance company. This means disclosing all the relevant facts. Failure to do so may render the insurance invalid, and the insurer could refuse to pay out.
- Always read the small print - make sure you fully understand all the policies. Keep all insurance documents in the same, accessible place.
- Make sure that you have the right amount of cover for your organisation's needs. If the organisation is underinsured, the insurance company may make no payment against any claim made.
- Check and revalue your property annually - give one member of staff or one management committee member responsibility for all insurance matters.
- Shop around to get the best deal - obtain more than one quotation.
- Talk to other voluntary organisations to see what cover they have.
- Use an insurance broker - an insurance broker may not cost more than going direct to an insurance company and will be able to shop around on your behalf.

- If your organisation is part of a national charity check if HQ have a corporate insurance policy to which you could be added, thus saving you money.

Policies specifically designed for the voluntary sector are available from: -

Keegan and Pennykid Insurance Brokers

Tel: 0131 225 6005

Email: mail@keegan-pennykid.com Website: www.keegan-pennykid.com

Keegan & Pennykid sell the NCVO Encompass Insurance Policy which is specifically designed for voluntary organisations. It offers competitive premiums, 24-hour access to legal advice and several cover options including trustees liability insurance, charity shops buildings and contents insurance and cover for volunteers.

Aon Charity Assurance

Tel: 0845 740 2003

Website: www.charities.aon.co.uk

M C Ladbrook

Tel: 01909 565 858 Website: www.ladbrook.co.uk

Further names of brokers as well as information on insurance are available from: -

British Insurance and Investment Brokers Association

Tel: 020 7623 9043

Email: enquiries@biba.org.uk Website: www.biba.org.uk

Last Updated October 2009