



# Insurance for voluntary and community organisations (September 2010)

## 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 insurance company sells only its own policies. A broker should look around to find the best deal to meet your needs and so it is usually better to go through a broker. In any case always get a few quotes before deciding on which policy to take out. On page 4/5 there is a list of some national and local brokers.

Some insurance policies offer a lower premium if the organisation is prepared to accept 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

### Public liability insurance

Although not compulsory it is unwise not to have this if you run premises and/or provide activities or services to the public. In this context, “public” means virtually everyone except paid employees. Always make sure the policy covers **anyone**, not just paid staff, who carries out work on behalf of the organisation (i.e. trainees, volunteers, committee members). Make sure you have at least £5 million worth of cover.

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 a 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)

### **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 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.***

### **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.

### **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). 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, called 'business use'. If your employee or volunteer has an accident in the course of their work and their insurance does not cover them then your organisation could be liable. Many personal car insurance policies will include a limited amount of business mileage a year at no extra cost.

## **Other Insurance policies to consider**

### **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. Again although not compulsory 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 assets they own.

- 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.)

### **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 provide cover for staff sustaining injuries whilst as work. You can also get this to cover volunteers and committee members

### **Trustee liability insurance**

Management Committee 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, therefore you must make sure you have adequate policies and procedures in place to reduce any potential risk. A registered charity no longer needs the approval of the Charity Commissioners to buy this insurance unless the governing document specifically forbids its purchase.

**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 - so disclose all the relevant facts (even if not asked for them) as failure to do so can mean that the company refuses to pay out on a claim

- **Tell your insurer about any changes** – if there are any changes to the facts you put on the original forms always tell your insurer as again they may refuse to pay out. If in doubt about whether to tell your insurer or not contact them as soon as possible.
- **Always read the small print** - make sure you fully understand all of the policy
- **Make sure that you have the right amount of cover** - if the organisation is underinsured, the insurance company may make no payment against a claim made
- **Check and revalue your property annually**
- **Give one person 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
- **Think about using an insurance broker** - a broker may not cost any more than going direct to an insurance company and should shop around on your behalf
- **If your organisation is part of, or member of, a national organisation** - check if HQ have a corporate insurance policy to which you could be added, thus saving you money
- **Name on the policy** – if you are not an incorporated organisation, e.g. company limited by guarantee, then someone from the committee will have to take out the policy on behalf of the committee and if they leave then the policy will have to be transferred to someone else's name.

## Insurance brokers

There are a number of national specialist brokers who are used to dealing with voluntary and community groups, and will recommend special policies written for such groups (although there are a limited number of these policies and a broker may only offer one option).

### Access Underwriting

Specialist broker for charities and churches. Offer a range of products and you can either get a quote on-line or discuss with them. A very basic Public Liability package for small organisations with less than £10,000 a year and 100 members is less than £100.

020 8651 7420

[www.accessunderwriting.co.uk](http://www.accessunderwriting.co.uk)

### Keegan & Pennykid

Another specialist who have designed packages for all types and sizes of organisations in association with a number of umbrella groups of voluntary organisations.

0131 225 6005

[www.keegan-pennykid.com](http://www.keegan-pennykid.com)

**Ladbrook**

Specialist broker for voluntary organisations who offer a range of insurances and pension plans. Public liability starts from £150/year. There is a downloadable form for a quote for small community groups at [www.ladbrook.co.uk/community-groups/index.html](http://www.ladbrook.co.uk/community-groups/index.html)

01909 565858

[www.ladbrook.co.uk](http://www.ladbrook.co.uk)

**Tennyson**

Specialist broker for the sector. Recently launched a simple Public Liability package in partnership with National Association of Voluntary and Community Action (our national membership organisation) costing from £75 a year. Quotes can be obtained on-line or ring to discuss needs.

08450 822446

[www.tennysoninsurance.co.uk](http://www.tennysoninsurance.co.uk)

A number of local brokers have been used by local groups, they include:

**Bournemouth Insurance Group**

612 Wimborne Rd, Bournemouth

Tel: 01202 518512

[www.bournemouthinsurance.com](http://www.bournemouthinsurance.com)

**Coleman Insurance Brokers**

8 Albany Park, Cabot Lane, Poole, BH17 7AZ

01202 647400

[www.colemaninsurance.co.uk](http://www.colemaninsurance.co.uk)

**Stuart Alexander** (part of national company and charity team is based in London)

Suite 5 Pine Court, 36 Gervis Road, Bournemouth, Dorset, BH1 3DH

01202 290686,

[www.stuartalexander.co.uk](http://www.stuartalexander.co.uk)

**Towergate Risk Solutions**

Phoenix House, 1st Floor, Upton Road, Poole, BH17 7AG

01202 634 701

[www.towergaterisksolutions.co.uk/offices/south-west-region/poole.aspx](http://www.towergaterisksolutions.co.uk/offices/south-west-region/poole.aspx)

The above is a list of some of the brokers used by voluntary and community groups but is not in any way a recommendation. To find other brokers you can contact the British Insurance Brokers' Association for a list of registered brokers (available online at [www.biba.org.uk](http://www.biba.org.uk))

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