

information sheet 4.2

Insurance - what you need to know

Most voluntary organisations need insurance of some kind. What you need will depend on the activities you carry out, if you employ people and what you own or use in the way of equipment, buildings and vehicles and so on.

It is the job of the management committee to make sure that your organisation is fully insured. We recommend that a named committee member is made responsible for keeping your insurances up to date.

Key points

- Some insurance policies are required by law. You must have employer's liability insurance if you employ staff, and motor insurance if you own or use a vehicle. If you have premises you should also think about public liability insurance and buildings and contents insurance
- If not required by law, is the insurance going to be worth it? Does your experience, or that of similar organisations, suggest that the insurance will be worth the cost?
- Decide whether you want your cover to be **reinstatement** (new for old) or **indemnity** (bringing you back to the position you were in immediately before the claim, taking wear and tear into account)
- It is very important that you include all relevant information on the proposal form as any inaccuracy or omission, even if unintentional, will mean that the insurer could dispute or even refuse to pay on a claim
- If you don't understand anything in an insurance quote or policy, ask for an explanation, in writing if necessary
- Review your insurance cover at least once every year. If you have too little cover, the insurance company may refuse to pay any of your claim. Do this even if you have an **index-linked policy**, whereby your insurance cover (and premium) rise automatically with price rises
- Check that you are covered by your insurance each time you buy new equipment, make improvements or start a new activity
- Keep a copy of your insurance information away from your premises and where it is easy to find in case of fire or theft
- Always pay your insurance premiums on time
- Shop around. It may be easier, and often cheaper, to arrange all your different insurance needs through a broker as a single package. However, the amount and type of cover can vary from company to company so make sure you are comparing like with like and that you get the level of insurance you need

Buildings insurance

This is essential if you own a building. If you rent, check your lease or licence to see if you are responsible for insuring **any part** of the building. Insurance will need to cover

- the cost of clearing debris and rebuilding
- architects', surveyors' and legal fees
- the costs of temporary premises, renting equipment etc, anything you will need to keep on working
- the cost of broken windows, particularly if you have a shop front

Contents insurance

Provides cover against theft or damage for items in your building. **All risks** insurance will, for an extra premium, cover property used both in and away from your main base. This is vital if you take computers, cameras, play equipment etc away from the building. However, it usually will not cover employee's personal property.

All risks can also provide a wider range of cover including accidental damage and breakdown of equipment. Make sure you tell your insurer if volunteers have access to equipment and if your premises or equipment are shared with any other organisation as this may affect the premium.

Employers' liability insurance

Employers are legally required to be insured against claims for injury, illness or death of an employee caused by their work. The insurance should cover paid staff **and** any volunteers, people on work experience, contractors that work with you. You are required by law to have a valid **certificate of insurance** clearly displayed in your offices.

Equipment damage and breakdown

You can insure equipment such as computers and boilers against damage or breakdown. Specialist **computer insurance** can cover you against the costs of reinstating data following damage, breakdown or accidental erasure.

Event insurance

If you are holding a large event you can get special events insurance which will cover you for public liability (see below), damage or loss to equipment at the event and any costs you may have to meet if the event is cancelled or abandoned, say because of bad weather. Check first to see if you are already covered for some of this by your existing insurance policies.

Fidelity insurance

Covers you against financial loss as the result of employee or volunteer fraud or dishonesty. Only consider if you deal with large amounts of money.

Legal expenses insurance

This provides cover for solicitors' and barristers' fees, court attendance allowances and opponents' costs, if awarded, in the event of a legal dispute. The insurance may also cover legal costs in an employment tribunal and provide access to legal advice as soon as a dispute arises.

Money

Insurance can be taken out to cover money (including cheques, postal orders, money orders and postage stamps) against loss of theft on the premises or whilst being taken to the bank or in the homes of staff or volunteers. It may also provide cover against accident or assault for the person carrying cash.

Motor insurance

Any vehicles owned, hired or used by an organisation for its work must be insured for business use and the insurers notified of all drivers. Where employees and volunteers use their own cars for an organisation's work they must make sure that their insurance covers them for business use. Organisations can take out **contingent liability insurance** to cover themselves against third party claims for negligent driving by such employees and volunteers.

You will need more specialist insurance if you are running some kind of transport scheme. For example, Zurich Municipal offers an insurance package aimed at community transport schemes.

Personal accident and sickness insurance

You can insure against the costs of paying sick pay to staff off work through sickness or injury. You can also insure against the costs of covering for key staff through maternity leave, jury service, forces call up etc.

Professional indemnity insurance

If you provide advice to the public or other organisations this insurance covers you against claims resulting from any incorrect advice or negligence. It can be extended to cover claims for **slander** or **libel**.

Public liability insurance

This covers your legal liability for any loss, injury or damage caused to any person or property as a result of the organisation's negligence or failure to take reasonable care. This includes the actions (or the lack of action) of all paid staff, management committee and other volunteers. The minimum level of cover

is £1 million and you should consider extending it if you are running a **special event** where you are expecting large numbers of the public to attend.

Trustee liability insurance

Management committee members may wish to have this insurance cover which protects them against personal claims arising from the work of their organisation. The cover is only provided for activities properly carried out in running the organisation, where the committee has fully considered an issue and has taken the relevant advice but a claim still arises as a result of an honest mistake.

The insurance is expensive and rarely pays out. It also does not provide cover against deliberate or reckless actions, dishonesty or fraud. If you are a registered charity, the trustees must personally pay for the insurance unless you have the written agreement of the Charity Commission

Making an insurance claim

- Contact your insurance company as soon as you become aware that you may have to make a claim on your insurance
- Have your policy number to hand and make sure that you are able to give full details of the incident leading to the claim
- Never admit responsibility for an accident no matter how obvious it might seem that you are responsible. Some insurers will refuse to pay out if you have admitted liability without their permission
- Always obtain legal advice if a claim involves a question of legal liability

Insurance brokers

The Charity Commission recommends that organisations use a registered insurance broker when looking for insurances. Neither the Commission nor VODA can recommend an individual company or policy. However, VODA has put together a selection of the main insurance brokers that specialise in arranging insurance for voluntary and community groups.

Groups that are members of national organisations or associations should contact their national headquarters for advice on insurance as many have negotiated schemes which members can join.

The Charity Commission has produced a leaflet **CC49 – Charities and insurance** which is available from their website www.charitycommission.gov.uk

Access Insurance

50 Chapel View, South Croydon, Surrey
CR2 7LF
Voice 0845 257 1355
www.accessinsurance.co.uk

AON Risk Services Ltd

c/o Karen Gorman, Development
Manager
Unity Trust Bank plc, PO BOX 98,
Whitley Bay, NE 25 9WQ
Phone 0191 2511539
www.unity.uk.com
karen.gorman@unitygroup.co.uk

Endsleigh Insurance Services

Voice 01242 866 800
www.endsleigh.co.uk

Keegan and Pennykid

50 Queen Street, Edinburgh EH2 3NS
Voice 0131255 6005
www.keegan-pennykid.com

Ladbroke

5A County House, Waterside Business
Park Rotherham Road, Dinnington,
Sheffield S25 3QA
Voice 01909 565858
www.ladbroke.co.uk

MCIS Insurance Services

Church Court, Cox Street, St Paul's
Square, Birmingham B3 1RD
Voice 0121 233 2722
www.mcisltd.co.uk

Special Insurance Schemes Agency Ltd

PO Box 168, London SW20 8LE
Voice 020 8543 6167
www.sisa.co.uk

Stuart Alexander

10 Philpot Lane, London EC3M 8AB
Voice 020 7338 0111
www.stuartalexander.co.uk

Zurich Municipal

Zurich House, Stanhope Road,
Portsmouth, Hampshire. PO1 1DU
Voice 0845 600 3184
www.zurich.co.uk

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