

## The Essential Guide to...

### Insurance

It is essential for any voluntary and community group to have adequate and appropriate insurance cover for all its activities and resources and which complies with relevant legislation. What insurance you need will depend on what services you provide, whether or not you employ staff or use volunteers and if you own or use buildings, vehicles and equipment.

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 small social group that meets once a month and holds the odd community event, the important issue is to be aware of the range of insurance policies available. It is essential that you take a step back, examine what your group actually does and make a considered risk assessment of the type and level of cover that you actually need.

There is a wide range of insurance options available although there are only a few basic types of cover that the majority of groups will usually need to have. Some of these are compulsory and others may be useful to consider. Always use an insurance company or broker that is a specialist in the voluntary and community sector as these will be far more understanding of your needs and be able to tailor a policy accordingly. The website – [www.volresource.org.uk](http://www.volresource.org.uk) – has a comprehensive list of current providers.

#### Employers Liability Insurance

Under the Employers Liability Insurance Act 1969, all employers have a statutory duty to insure against personal injury, illness or disease sustained by their employees as a result of their employment. There is a minimum statutory cover for Employers Liability Insurance which is currently £10 million. All groups that involve volunteers should ensure that they are protected by the most appropriate policy. The easiest way to achieve this is to ensure that either your Employer's Liability Insurance or your Public Liability Insurance explicitly mentions volunteers as they may not be automatically included in your cover.

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

## **Vehicle Insurance**

If your organization has its own vehicles, or its staff and volunteers use their own vehicles when carrying out the business of the group, then you have a legal duty to take out this type of insurance. 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 annual premium.

## **Public Liability Insurance**

If your organisation owns or controls premises, holds public events or has contact with the general public you should take out this cover. It is important to note that many service contracts and funding bodies require evidence that an appropriate level of cover is in place.

Public Liability insurance protects against claims from 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 (or a breach of a legal duty). When taking out this insurance you should ensure that the policy covers staff members, volunteers, committee members, service users and visitors to your premises.

Some examples of the type of risks covered include: theft of a service user's property; 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.

## **Using Third Party Premises**

It is important to be aware that when hiring or using a building such as a community centre, village hall, or school they will be responsible for having their own Public Liability Insurance which will cover any injury or property damage sustained by individuals if it is shown to be the fault or negligence of the premises owner. 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 - not with the owner or manager of the building. Many small groups are unaware of this fact and, innocently, assume that the building owner's Liability Insurance Policy will cover them.

## **Professional Indemnity Insurance**

As a further extension of Public Liability Insurance, some larger organisations may wish to consider Professional Indemnity Insurance but this is a specialist

area and will not apply for the majority of groups. 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 groups.

### **Buildings Insurance**

If you lease a building, check your lease to see if you are responsible for insuring any part of the building. If you own the building, it is good practice to insure it even though you do not by law have to insure buildings. However, there is a general duty under charity law to protect a charity's assets, so a committee that left a building uninsured would be negligent in its duty to the charity if it left its building uninsured. If a loan or mortgage is secured on the building, the lender will usually insist the building is insured. The policy should cover the cost of rebuilding the premises if completely destroyed, professional and other fees plus the cost of temporary accommodation during the re-build. You could also think about business interruption insurance.

### **Contents Insurance**

It is very important if your group owns or hires any equipment that is kept at your premises, to make sure that you have adequate contents insurance. It is a good idea to make sure that they are covered for all risks including accidental damage to equipment. You may also be able to extend the policy to cover property of the organization that is taken off the premises, for example outreach work.

### **Trustee Indemnity Insurance**

Committee members or Trustees may wish to have insurance cover for protection against personal claims against them. No insurance policy, however, will provide cover for dishonesty or fraud and it will not insure against liability for the debts, or negligence to third parties. Therefore, this insurance should be taken out with caution. 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