

Community First New Forest

Insurance for Voluntary and Community Organisations

The trustees or management committee members of a voluntary or community organisation have a duty to protect its people and property from risk. Taking out insurance is one of the ways in which you can carry out this duty, so that you can cover the cost of claims that could be made against your organisation, or replace your organisation's property if it is lost or damaged.

Some kinds of insurance are compulsory, so you have to have them to comply with the law (employers' liability insurance if you employ staff and motor insurance if you own or operate motor vehicles). Others, while not compulsory, might be advisable for you depending on your activities or whether you own property.

A robust risk assessment of all your activities will help you to identify any risk your organisation might face, and whether an insurance policy is the most effective way of managing that risk. Insurance cover should only be taken out if the level of risk, which is to be passed to the insurer, is worth the cost of the cover, unless it is a legal requirement.

Main Types of Insurance

Employers' Liability Insurance – Compulsory if your organisation employs staff

Most employers (unless exempt*) are required by the law to insure against liability for injury or disease to their employees arising out of their employment. Employers are responsible for the health and safety of their employees while they are at work. Your employees may be injured at work or they, or your former employees, may become ill as a result of their work while in your employment. They might try to claim compensation from you if they believe you are responsible. The Employers' Liability (Compulsory Insurance) Act 1969 ensures that you have at least a minimum level of insurance cover against any such claims. The minimum cover required is £5 million.

Employers' liability insurance will enable you to meet the cost of compensation for your employees' injuries or illness whether they are caused on or off site. However, any injuries and illness relating to motor accidents that occur while your employees are working for you may be covered separately by your motor insurance.

It is a legal requirement that you display a copy of the certificate of insurance where your employees can easily read it. Alternatively, you can display your certificate electronically. Employers choosing this method need to ensure their

employees know how and where to find the certificate and have reasonable access to it.

You are not legally required to keep historic certificates of insurance, but it is advisable to keep a complete record in case of claims regarding the historic cause of illness or disability.

The Health and Safety Executive (HSE) enforces the law on employers' liability insurance and employers are subject to substantial fines for not being appropriately insured or for not displaying their certificate of insurance.

You should check that your insurer is authorised (see Use an Authorised Insurer, below) before you take out an insurance policy, or you are at risk of breaking the law.

**Exempt employers include public organisations, health service bodies and family businesses*

Further information is available from the Health and Safety Executive:
<http://www.hse.gov.uk>

Motor Insurance

If your organisation uses vehicles for voluntary purposes you are legally obliged to have motor insurance. Motor insurance covers you against the costs that arise as a result of injuries caused to other people and damage to their vehicles.

If your voluntary organisation has its own vehicles for volunteers to drive, it is up to you to arrange insurance for your entire fleet.

If your volunteers use their own vehicles for voluntary purposes, they should be covered by their own regular motor insurance policy, but they must check with their insurer to be sure.

Some insurers cover volunteer driving within regular motor insurance policies while others may charge an extra premium or impose a higher excess for volunteer drivers. Much has been done in the sector to campaign on this issue, and a list of motor insurers and the cover they provide for volunteer drivers is available from the Association of British Insurers:

<http://tinyurl.com/lspfu2t>

Public Liability Insurance

Public Liability Insurance is not compulsory, but it is good practice to have it in place to cover the cost of claims made by members of the public for incidents

that occur in connection with your organisation's activities. It covers the cost of compensation for personal injuries, loss of or damage to property, and death. If members of the public visit your organisation's premises, or you arrange off-site events that members of the public attend, you should consider taking out public liability insurance. There is no statutory minimum level of cover.

The display of a disclaimer notice (often seen in car parks), that the public uses your facilities at their own risk, may not protect you from liability.

Property Insurance

Property insurance covers the cost of repairing or rebuilding your organisation's premises (if you are the owners), or replacing its contents. It will cover against risks such as flooding, fire and theft. There are two types of property insurance – buildings insurance and contents insurance.

Buildings insurance covers the cost of repairing or rebuilding your premises if they are damaged or destroyed. The Charity Commission recommends that you should insure the building for its full reinstatement value, to include demolition, clearing the site, professional fees (architect, surveyor), replacing the building, and complying with relevant planning/building regulations.

Contents insurance covers the cost of replacing your property's contents if they are damaged or stolen. You need to consider whether your insurance cover should be on a 'new for old' basis, and whether it should cover loss arising from theft, accidental damage, specific items such as computers, and money in transit or on the premises (where appropriate).

Professional advice may be required before you can decide what is reasonable in the circumstances and what is in the best interests of your organisation.

Professional Indemnity Insurance

If your organisation provides counselling or any form of advice or information service, particularly in complex areas, you should consider professional indemnity insurance to protect you from any claims resulting from your service being provided negligently. If a claimant suffers loss, injury or damage as a result of acting on advice or information given by your service, they may make a claim against you. Be aware that such a claim might be made following the dissolution of a service, so you may consider setting aside funding to meet the premiums for a period of time afterwards (in accordance with professional advice).

Trustee Indemnity Insurance

Trustee indemnity insurance covers trustees from personal liability for legal claims made against them, either by their organisation or a third party, for a breach of trust, breach of duty or negligence by them in their role as trustee. This insurance cover is for the benefit of the trustee rather than the organisation.

A registered charity no longer needs the permission of the Charity Commission to buy this insurance for its trustees (as it once did). It only needs to approach the Commission for authority to buy trustee indemnity insurance when their governing document expressly forbids its purchase. Trustees can of course buy this cover for themselves should they wish to.

However, the best protection for trustees is good governance and clear policies and procedures. No insurance will protect against fraud or other illegal behaviour and it should be remembered that few trustees who have acted honestly and reasonably have suffered financial loss through being a trustee.

Operating Internationally

If your organisation works internationally you will face more complex risks to staff, volunteers and property. It is essential that you assess and plan for the management of risks that your staff, volunteers, local partners and your other resources may face – especially in high risk areas. You may consider medical, accident, critical illness or travel cover for these circumstances.

You are not required to provide employers' liability insurance for employees based abroad, but you should check whether there are any requirements in the country they are based, or take other measures to protect your employees or volunteers abroad.

Getting Insurance for Your Organisation

- An insurance broker sells policies from a range of insurance companies. An insurance company only sells its own policies. A broker should research the best deal available to meet your needs, but it is advisable to get a few quotes before deciding on which policy to take out.
- Whether you deal with a broker or directly with an insurance company, you should use a company that has an understanding of voluntary and community sector/charities' needs. There are several specialising in this area. While we will not recommend specific companies we can provide you with the names and contact details of insurance companies specialising in the voluntary sector.

- Unincorporated* organisations need to nominate one committee member to take out the insurance policy on behalf of the organisation. If that person leaves, the policy must be transferred to another committee member.
- If you are part of a larger organisation, or a network of organisations, you may be able to organise your insurance through them (eg Good Neighbour groups arrange their insurance through the Good Neighbour Support Service).
- Some insurance policies offer a lower premium if you are prepared to accept more of the risk (eg lower premium for a larger excess), so you need to weigh up the balance of risk.
- Be sure before you take out a policy that you read the small print and that you fully understand the cover you are buying.
- Complete insurance forms with great care, disclosing all relevant information even if it isn't asked for. Failure to do so may mean that when you come to make a claim the insurer will not pay out.
- Inform your insurer of any changes to your premises, property or activities that may affect your insurance policies. Failure to do so might invalidate your insurance.
- If you are thinking about taking out any type of insurance cover for your organisation it is worth considering taking independent professional advice if you do not have the expertise yourselves.

** An 'unincorporated association' is an organisation set up through an agreement between a group of people who come together for a reason other than to make a profit, eg a voluntary group. Individual members are personally responsible for any debts and contractual obligations.*

Use an Authorised Insurer

Authorised insurers are individuals or companies working under the terms of the Financial Services and Markets Act 2000. The Financial Services Authority (FSA) maintains a register of authorised insurers. You can check whether a company is authorised by searching their register on www.fsa.gov.uk, or telephoning the FSA on 0845 606 1234.

Volunteers and Insurance

For insurance purposes, the Charity Commission advises that volunteers should be treated as employees, and that they should be covered by the usual types of insurance that an organisation might buy, such as employers' liability or public liability cover.

Further Reading:

Charity Commission publication CC49: *Charities and Insurance*