

# FACTSHEET 17

## Insurance

There are so many different kinds of insurance available these days that it might be easy to get carried away with the idea of insuring your organisation against every conceivable risk. However it can be difficult to know what is actually necessary and appropriate for the needs of your organisation and what is not necessary or, as can sometimes be the case, not allowed.

There are a few basic types of insurance that the majority of groups will usually need to have. There is then a further group of insurances, which, due to the size or the specific activities of a group may be necessary. We have only picked out the more commonly needed insurances here, if you've got any questions about your groups activities and insurance then get in touch with VAM.

Please remember that the following information is simply a set of guidelines for you and there are laws governing certain aspects of insurance provision.

### 1: Insurance Issues

#### Is it necessary?

- Is it a legal requirement?
- Would it be in line with your organisation's policies or good practice guidelines to get the specific cover you have in mind?
- Do you regularly/have you recently reviewed your organisation's insurance requirements

#### Is it worth it?

- Does your own experience (or that of other similar organisations) suggest that you need
- a specific type of insurance?
- On balance are the factors in favour of getting insurance more important than the cost to the organisation?
- Have you researched the range of policies available in terms of cost/cover/value for money etc?
- Have you recently taken on any new activities within your organisation, that may require alterations to your current insurance provision?

### 2: Types of insurance

There is a wide range of different types of insurance available for different needs. Some of these are more common than others, some will be compulsory or necessary for many groups, and others may just be useful or put Management Committee minds at rest.

The following list goes through some of the many types of insurance that are available to organisations.

#### Employers Liability Insurance

This is a legal requirement. Any organisation employing staff must have and display in the workplace a certificate of employers liability insurance. It covers the organisation against any claims by workers for injury or disease. (Worker is defined

as anyone who has a contract or apprenticeship whether that is written, oral or implied). It does **not** usually cover volunteers, visitors, management committee or self employed people working for the organisation (Though you can get policies that do specifically cover voluntary workers in the organisation as well as paid staff). For this reason you should also check carefully whether or not you need public or professional Liability Insurances.

### **Buildings Insurance**

This covers the fabric and structures of any building that your organisation might rent or own outright. If you rent premises, then you need to check the terms of your lease to see whether its the responsibility of your organisation or that of your landlord to take out buildings insurance. If you own the property then you are responsible for taking out adequate buildings insurance. If a landlord owns the property then it will usually be their responsibility to ensure that the building is properly insured. (This responsibility is sometimes given over to tenants with long leases in lease agreements)

It may be a good idea if you are a tenant and your landlord is responsible for the insurance cover for you to take out insurance against any associated losses that you may face as a result of damage to the buildings. If you occupy any premises at all then you are required to have this cover by law.

### **Contents Insurance**

It is very important if your organisation owns or hires any property (e.g. equipment etc) that is kept at your premises, to make sure that you have adequate contents insurance. There are different types of policy and you can get limited policies that will only cover certain circumstances. However it is usually a good idea to ensure that you are covered for all risks including accidental damage to equipment.

You may also be able to extend the policy to cover property of the organisation that is taken off the premises on business. This type of insurance is strongly recommended, particularly if you do outreach work for example.

### **Public Liability Insurance**

This type of insurance covers injury, loss or damage, caused to anyone as a result of your

organisation's negligence (or breach of a legal duty) and covers people using your organisation's premises or services. If you have premises that are visited or used by members of the public or by volunteers, then you are strongly encouraged (though there is no legal requirement) to have this insurance.

When taking out public liability insurance you should make sure that the policy covers staff members, volunteers, committee, members and visitors to your premises.

### **Trustee Indemnity Insurance**

This type of insurance is entirely optional. It covers the potential liabilities of Trustees and Directors of voluntary and charitable organisations. For example if your organisation's Management Committee members cause (financial) losses to their organisation then this insurance would cover them for some of the losses. If, however, you are a registered Charity then there are some restrictions applying to you. Firstly your organisations governing document must allow, explicitly, for you to have this type of insurance. Secondly you must have the permission of the Charity Commission.

Trustee Indemnity Insurance cannot cover a charitable organisation's Trustees for any eventuality. If it is thought that Trustees/Management Committee members acted with reckless disregard - meaning that they were aware (or could reasonably be expected to be aware) that what they were doing was in breach of trust or duty then even Trustee Indemnity Insurance is not likely to cover them. It is a good idea to check exactly what is included in the insurance package you purchase as Trustee Indemnity Insurance can also include other covers such as Fidelity, Professional Liability, Breach of Confidentiality, Breach of Trust, Legal Expenses and Loss of Documents etc. You should check if you have some of these other kinds of insurance cover that you are not paying twice for the same kind of cover.

### **Professional Liability Insurance**

If your organisation offers an advisory service to members of the public then you would be well advised to take out Professional Liability Insurance (even if the service that you offer is free). This covers staff members or volunteers who give out advice, should that advice be incorrect and lead to loss, injury etc.

When you're taking out this kind of insurance you need to make sure that the insurer is made fully aware of all of your organisation's activities.

### **Vehicle Insurance**

If your organisation either has its own vehicles or its staff or 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 the vehicles are the group's own, then you are legally required to have third party cover for all vehicles/drivers. Though third party, fire and theft or comprehensive insurance would be advisable. If the vehicles are the staff/volunteer's own, then it is good practice for your organisation to make certain that they have insured their vehicles for this purpose. Whether or not you reimburse staff and volunteers for this cost is up to you, though whatever you decide you should be very clear about it. (It might be worth noting however that the Inland Revenue considers that the approved mileage rates for staff and volunteers include the cost of insurance)

### **Event Insurance**


As an organisation you may from time to time hold specific events and if these events are large scale, involve fundraising or a large outlay of money for your group it is possible that you will be able to take out insurance for your event. If you are planning a big event then it is probably best to consider the specific activities on a case by case basis.

### **3: Further Help**

**National Centre for Voluntary Organisations Helpline has information on Insurance and sources of specialist insurances for the voluntary sector. Telephone 08002 798 798**

#### **FURTHER HELP**

Dudley Council for Voluntary Service  
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Brierley Hill  
West Midlands  
DY5 3EE

 01384 78166

[www.dudleycvs.org.uk](http://www.dudleycvs.org.uk)