



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 most groups will usually need to have. There is then a further set 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 have got any questions about your group's activities and insurance then get in touch with Dudley CVS.

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; 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 for any organisation employing staff. You must display in the workplace your organisation's certificate of employers liability insurance. It covers the organisation against any claims by workers for injury or disease. (Worker

Insurance

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 own the property then you are responsible for taking out adequate buildings insurance. If you rent premises, then you need to check the terms of your lease to see whether it is the responsibility of your organisation or that of your landlord to take out 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

If your organisation owns or hires any property (e.g. equipment etc.) that is kept at your premises, it is very important to make sure that you have adequate contents insurance whether you own the building you occupy or not. 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 the organisation then this insurance would cover them for some of the losses. If, however, you are a registered charity then there are some restrictions that apply to you: your organisation's governing document must explicitly allow 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 this type of 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. If you have some of these other kinds of insurance cover you should check 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 are 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. 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. If these events are large scale, involve fundraising or a large outlay of money for your group, you may 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.

FURTHER HELP

Dudley Council for Voluntary Service

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www.dudleycvs.org.uk

NCVO Helpline

For information on insurance and sources of specialist insurances for the voluntary sector. Telephone 08002 798 798.