

Insurance for small groups

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When setting up a community group for the first time there are many things to think about. Insurance for your group is just one of them and it is an important factor to consider.

Sometimes insurance to provide protection only comes onto a group's agenda when something goes wrong. When setting up a group it is necessary to think about all the things that could potentially go wrong and discuss ways that the group can try and protect itself.

This fact sheet has been written for small community groups that have no paid staff, have a limited income and who do not lease a building on a full time basis. It will give small groups an idea about the types of insurance they may wish to consider in order to protect themselves and how money can be raised to pay for such insurances.

Types of insurance for small groups

Public Liability Insurance

This is probably the most relevant insurance to consider when running a small community group. If you are providing activities or services for members of the public, your group should take out this type of insurance.

What does it cover?

This insurance covers claims made against members on the management committee for injury, loss or damage caused to any person as a result of the organisation's negligence.

It would cover injury suffered by someone using the group's premises as a result of breach of duties under the Health and Safety Act. If your group is using someone else's building, for example, a community centre, a scout hut or church hall,

you should be able to claim on their insurance if anything was to happen during your group's activities. It is worth checking out whether a venue that you may be hiring out by the hour has such insurance and more importantly whether their insurance covers your group as well.

What it would not cover

It does not cover damage, injury or loss caused by the provision of professional services or the supply of goods.

It would also not cover situations where the committee has been negligent.

Hints and tips

- Get several quotes for the best price.
- Ensure that the policy covers anyone who has carried out work for the group such as volunteers, committee members, trainees. Some insurance companies are not used to dealing with community groups—therefore it is worth informing the company of the nature of the work your organisation does and the type of people who take part in the activities, for example, young people, disabled people or older people.
- Small groups are usually unincorporated associations meaning that the group is only recognised as a group of people who make up the management committee. Therefore, the insurance will have to be taken out in the name of the committee members but the proposal form should be signed by one individual who is specifically stated to be taking it out on behalf of the group.

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Remember, if that person leaves the committee you must provide the name of another person to fill their place.

Events Insurance

You may be a community group who organises one off events from time to time, for example, a fun day, carnival or exhibition. You can take out insurance for such events.

What does it cover

Insurance brokers will provide different types of cover, so it is best to think about the type of event you are organising and what will need covering. Brokers should be able to advise you on what will need covering. Some may include:

- Cancellation due to bad weather.
- Activities which include risk to members of the public.

Hints and tips

- Make sure you have explored fully what needs covering at your event and what the insurance will actually cover.
- Make sure that your insurance covers you for enough money.
- Make sure you have permission/license to hold the event, for example, from the local authority. If you haven't your insurance could be invalid.

Professional Indemnity Insurance

Public Liability Insurance will not cover an group for injury or damages arising from negligence in the course of providing any type of professional service, for example, information,

advice or health treatments. It is therefore necessary to consider taking out professional indemnity insurance to cover claims resulting from incorrect advice or negligent services (even if the service is free) which cause damage, injury or loss to a service user or member.

What does it cover

Some examples of the types of situations covered by this type of insurance include a person injured by a massage therapist, someone losing out on housing or welfare benefits because they are given incorrect or misleading information.

Hints and Tips

If your group organises a fun day and hires the services of face-painters or masseurs make sure that they have their own professional indemnity insurance which repays your organisation if it faces any claims because of their negligence.

Trustee Indemnity Insurance

Trustee Indemnity Insurance protects management committee members of charities, otherwise known as trustees, against the risk of personal liability arising from their breach of trust and negligence to the charity itself. Some people are not prepared to serve as trustees unless they are protected by this kind of insurance. However, people often believe that this type of insurance covers more than it actually does. Under the 2006 Charities Act, charities are now allowed to take out such insurance without permission of the Charity Commission providing that the groups governing document allows it.

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Hints and tips

- Trustee Indemnity Insurance is insurance for Trustees of registered charities.
- Make sure you check what the insurance will cover trustees for.

Vehicle Insurance

If your group owns a vehicle it is a legal requirement to make sure that the group has third party cover for all the vehicles owned and the drivers. If volunteers use their own vehicles to carry out the business of the group you must make sure that they have insured their vehicles for this purpose. You may wish to reimburse volunteers for their mileage expenses, after all, why should people be out of pocket for volunteering. If your group decides to do this then note that the Inland Revenue considers that the approved mileage rates for staff and volunteers include the cost of insurance.

How you can pay for the cost of insurance

Raising money to help pay for insurance can be difficult as funding bodies generally consider insurance as the general running costs of a group. If you are organising a one off event or project there is a high chance that funders will pay for the insurance it. However, trying to raise money for the on-going cost of public liability insurance or trustee indemnity insurance can be hard.

You can try to raise the money through applying for funds, however, the best option is to try and raise the money through your own fundraising activities and apply to funders for projects that they are more likely to fund, for example, a specific project or event.

Finance ReDirect

Finance ReDirect has funding to develop a range of insurance products aimed at voluntary organisations and community groups. The company offers Public Liability Insurance for groups at £37.95 per year. The scheme is designed for small groups who fall within the following criteria:

- Have an annual turnover of less than £10,000
 - Have fewer than 100 members
 - Hold meetings in hired premises
- and provides cover for the following activities
- Regular meetings
 - Up to 6 fund raising events in a year, and
 - Up to 6 outings in the year

For more information contact Finance Direct on 01234 358 535 or visit:
www.financeredirect.co.uk

I have covered a range of information about insurances that may be relevant to small community groups. Which ones you will need to take out depends on the services or activities that you group provides. Some insurance brokers specialise in insuring voluntary and community organisations and they should be able to offer more in-depth advice about the types of insurance you will need and how much they will cost your group.

Some insurances brokers that specialise in insuring voluntary and community groups include:

Keegan and Pennykid Ltd—Tel: 0800 731 8030
Ladbrook—Tel: 01909 565 858
Royal and Sun Alliance—Tel: 0800 072 0600
Zurich (Charity Insurance) - Tel: 0845 600 3184