

Insurance

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Finding out which type of insurance you may need for your organisation can be something of a minefield as there are so many different kinds of insurances available. What you can be sure of is that certain types of insurance are mandatory regardless of the specific activities of your organisation or how it is constituted. One of the biggest challenges for your organisation is to find out exactly what type of insurance you need.

Annual insurance premiums can often be a significant cost to a small organisation but regard this as money well spent, remember the saying: "If you think insurance is expensive, try having an accident!" There are a few basic types of insurance that 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.

This information is aimed to raise your awareness of the need for insurance for your organisation. The list is not exhaustive and depends on the range of activities that your organisation undertakes or the size of your organisation and annual income and expenditure. Please remember that there are laws governing certain aspects of insurance provision so make sure you are adequately covered.

1 | Types of insurance

MANDATORY INSURANCE

Employers liability insurance

This is a legal requirement. Any organisation employing staff must have this insurance 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 (There are insurances that specifically cover voluntary workers).

Vehicle insurance

Third party insurance for any vehicle kept on the road is a legal requirement. If your organisation has a community mini bus for example it must be adequately insured. If staff or volunteers use their own vehicles when carrying out the business of the organisation/group it is a legal requirement to have either third party or comprehensive insurance cover. It is recommended that the organisation get copies of insurance policies of those staff or volunteers that use vehicles for these purposes.

RECOMMENDED INSURANCE

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 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.

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 it's 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 so check the terms of any lease arrangement)

It may be a good idea if you are a tenant and your landlord is responsible for the building insurance cover for you to take out insurance against any associated losses that you may face as a result of damage to the building. 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 whether or not you own the building you occupy. 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 work such as outreach for example.

Trustee indemnity insurance

This type of insurance is optional. It covers the potential liabilities of trustees and directors of voluntary and charitable organisations. For example if a member of your management committee cause (financial) losses to the organisation then this insurance would cover the organisation for some of the losses. If, however, you are a registered charity then there are some restrictions that would apply to you. Firstly, your organisation's 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 or 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.

If you take out this type of insurance you should check whether any of those insurances mentioned above are not covered already in your other insurance policies to avoid 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.

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.

2 | Risk management

It is important for organisations and groups to recognise that insurance is an important part of risk management but it is not a substitute. You may find that you can reduce your insurance premiums if you can show that you have a risk management strategy that is reviewed regularly.

Further help

Ask BVSC Helpline

0121 678 8888

askbvsc@bvsc.org

Development Agencies website

Links and information for developing voluntary and community organisations.

www.birmingham-da.org

NCVO Helpline

Information on insurance and other sources of specialist information on risk management specific to the voluntary sector.

0800 2798 798