

## **Factsheet 18: Insurance**

The number of different insurances available is increasing all the time and it is becoming possible to insure yourself and 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 or even 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. Please remember that the following information is simply a set of guidelines for you and that there are laws governing certain aspects of insurance provision. If you think you need further advice or information then please contact one of the organisations in the further help section.

### **1: Insurance Issues**

Things that you should consider when deciding what types of insurance you might need:

#### ***Is it necessary?***

- Is it a legal requirement?
- Would it be in line with your organisation's policies or good practice guidelines?
- Do you regularly/have you recently reviewed your organisation's insurance requirements?
- Have you recently taken on any new activities within your organisation that may require alterations to your current insurance provision?

#### ***Is it worth it?***

- Does your own experience (or that of other similar organisations) suggest that you need a specific type of insurance?
- 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?

### **2: Types of insurance**

There is a variety of different types of insurance available for different needs. Some are more common than others, some will be a legal necessity while others will be a matter of good practice and ensure that the management committee is carrying out its duty in terms of risk management. The following list details some of the many types of insurance that are available to organisations.

#### ***Employers Liability Insurance***

**This is a legal requirement for any organisation employing paid staff.** The organisation 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 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 term lease agreements. If you are a tenant and your landlord is responsible for the buildings insurance cover for you then you should ensure that your organisation is insured against any associated losses that you may face as a result of damage to the buildings.

#### ***Contents Insurance***

It is very important if your organisation owns or hires any property and it 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. 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 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 may cover them for some of the losses. If, however, you are a registered Charity then you must have the **express permission of the Charity Commission** to buy this kind of insurance and you must be allowed to do so expressly by your governing document. 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, 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 you offer is free). This covers an organisation's 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. However, 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 includes an allowance for 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 0800 2 798 798 [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)