

Insurance for VCSE organisations

Introduction

Management committee members must make sure their organisation is fully insured for the work it does. What you need will depend upon the activities you carry out, if you employ staff or use volunteers and if you own or use buildings, vehicles, equipment and so on. You should nominate one management committee member and, if you have them, a staff member or volunteer, to oversee all insurances and make sure they are up to date. They should report to the management committee at least once a year, so add it to your list of annual actions. You must make sure your organisation is not under-insured because an insurer may refuse to payout at all or will reduce the claim payment.

How to get insurance

You can buy cover directly from an insurance company or an insurance broker, which sells policies from a range of insurance companies.

Unincorporated organisations will need to nominate one individual from the committee who will sign the forms and will take out the policy on behalf of the other committee members. If that person leaves, the insurance must be transferred to someone else's name. Incorporated organisations (charitable companies, industrial and provident societies, charitable incorporated

organisations or CICs) can take out insurance in the name of the organisation.

Most insurance companies design their policies for individuals or businesses so standard policies may cover staff but not volunteers or management committee members. You may find it cheaper and more relevant to your work to take out a specialist policy designed for the voluntary and community sector.

Some insurance policies offer a lower premium if the organisation is prepared to accept more of the risk (similar to private car drivers, who can cut their premiums significantly by carrying a larger excess).

Main types of cover

Public liability insurance

This policy will cover injury, loss or damage to any person because of the organisation's negligence. This usually including volunteers and management committee members but you should check that they are explicitly mentioned in the policy wording. There is no general requirement to have this insurance but if you provide services or activities to the public it is good practice to have it, and some funders require it.

It could cover, for example, claims arising from:

- A worker breaking a client's property while visiting the client at home

- Theft of a service user's property from a community centre
- Someone who has booked a room in your premises being injured
- A child injured on faulty play equipment

Public liability insurance does not cover:

- Injury to employees caused by the employer's negligence (employers liability insurance is required for this)
- Injury, property damage or other loss caused by the provision of advice or professional services (this requires professional indemnity insurance)

Employers liability insurance

You must take out this insurance if you employ staff - it is a statutory duty under the Employer's Liability (Compulsory Insurance) Act 1969. The policy will insure against claims by workers for illness, disease or injury caused by the organisation's negligence or breach of duty. The insurance must be for at least £5million to cover any one claim. You must prominently display the insurance certificate in all workplaces or make it easily available electronically to all staff. You must keep certificates for 40 years.

Buildings insurance

If you lease a building, check your lease to see if you are responsible for insuring any part of the building. If you own the building, it is good practice to insure it even though you do not by law have to insure buildings. However, there is a general duty under charity law to protect a charity's assets, so a committee that left a building uninsured would be negligent in its duty to the charity if it left its building uninsured. If a loan or mortgage is secured on the building, the lender will usually insist the building is insured.

The policy should cover the cost of rebuilding the premises if completely destroyed, professional and other fees plus the cost of temporary accommodation during the re-build. You could also think about business interruption insurance.

Road traffic insurances

If you own and use a vehicle on the road, you must insure all drivers against third party risks as a minimum - injury or death caused to other people including passengers and damage caused to other people's property. Third party insurance does not cover theft or damage to the vehicle so you should seriously think about third party, fire and theft or fully comprehensive. You must also make sure that any vehicle owned and used by employees or volunteers for work purposes are adequately covered.

What other insurance policies should you think about?

Plate glass windows

If you lease property with a shop front you may need special insurance to cover breakage either by vandals or accident - check your lease.

Professional indemnity insurance

If you provide a professional service to the general public for example advice or information, this type of policy gives cover against any claims resulting from wrong advice or negligent service. It can be extended to cover slander or libel which may be essential for campaigning organisations.

Accident and medical insurance

If you employ staff, this can cover the cost of paying sick pay, and some policies will pay out for injuries at work.

Contents insurance

This normally covers the contents of a building for theft or damage, including fire or flood. You should check whether the policy includes accidental damage and property while it is out of your building. You must tell your insurer who uses the building including other organisations and if you use volunteers. Your insurer may impose conditions on the policy such as installing additional locks or an alarm. You should keep an up to date list of the contents that the policy insures and review the list and the sum insured each year.

All risks insurance

This is usually an extension of contents insurance to cover property when it is used away from the building for example laptops and presentation equipment.

Accidental damage

This insurance is usually expensive, as it covers accidental damage to property. If the organisation shares equipment with anyone else it must tell the insurer. It may be cheaper to hire expensive equipment such as video cameras.

Equipment damage and breakdown

If your organisation has highly technical equipment such as computers, and depends heavily on them, you can insure them against damage and breakdown.

Trustee liability insurance (also known as trustee indemnity insurance)

This insurance protects trustees or management committee members against personal liability when their organisation or third party makes a legal claim against them. The policy will not give cover for dishonesty or fraud and will not remove your duty to act in good faith, with reasonable care for

the organisation. If you buy trustee liability insurance, this must be disclosed in your charity's annual report.

Before buying this insurance, you should focus on putting procedures and policies in place to help reduce any potential risk. And it is important to keep the risks of personal liability in proportion - very few trustees or management committee members that have acted honestly suffer financial loss. If you are worried about risk and liability, please talk to us because we may be able to help you better understand your risks and liability and help you plan and manage any risks you face.

Insurance checklist

- ✓ **Fill out forms with due care** - any organisation seeking insurance cover has a duty of utmost good faith to the insurance company - so you must disclose all relevant facts (even if not asked for them) because if you don't, and you need to make a claim, the insurance cover may be invalid
- ✓ **Always read the small print** - make sure you fully understand the whole policy
- ✓ **Make sure that you have the right amount of cover** - if you are underinsured, the insurance company may make no payment when a claim is made
- ✓ **Check and revalue your property annually**
- ✓ **Give one person responsibility** for all insurance matters
- ✓ **Shop around to get the best deal** - get more than one quotation
- ✓ **Talk to other voluntary and community organisations** - to see what cover they have

- ✓ **Think about using an insurance broker**
- a broker may not cost any more than going direct to an insurance company and should shop around on your behalf
- ✓ **If your organisation is part of a national charity** - check with them if they can add you to a corporate insurance policy, which will probably save you money

Where to find out about insurance

We are unable to recommend any insurance company or broker, however you may find these organisations helpful.

Newcastle CVS is a member of NAVCA and NCVO, all of which have developed partnerships with insurance companies. You may find it useful to contact them for a quote.

NAVCA and Tennyson Insurance with Zurich

Phone 0845 082 2446
Email enquiries@tennysoninsurance.co.uk
Website www.tennysoninsurance.co.uk

NCVO and CaSE Insurance

Phone 0845 225 2288
Email enquiries@caseinsurance.co.uk
Website www.caseinsurance.co.uk/ncvo

Newcastle CVS arranges its own insurance cover through:

Ladbroke

Phone 01909 565 858
Website www.ladbroke.co.uk

Further names of brokers as well as information on insurance are available from:

British Insurance and Investment Brokers Association

Phone 0870 950 1790
Email enquiries@biba.org.uk
Website www.biba.org.uk

Charity Commission publication CC49 Charities and insurance

Website www.charitycommission.gov.uk
- search for CC49
Phone 0845 3000 218

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