



East Riding Voluntary Action Services (ERVAS) Limited

Community Accountancy Service

Delivering quality accounting services and training to the voluntary sector

Good Practice Guide:

16 – Insurance



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Introduction

Very often it is only after the organisation has been burgled or had a fire that the committee realises that the organisation was not insured properly. This guide is designed to provide you with information about the different types of insurance available, and what they are for. The level and type of cover that you need will depend on:

- ⊗ the risks that your particular organisation is exposed to
- ⊗ how big your organisation is
- ⊗ what kind of activities you carry out
- ⊗ what you use or own.

Although decisions about insurance are a management committee responsibility, many groups find it is very helpful to have one member of the committee who is delegated the task of overseeing insurance and who will also ensure that it is kept up to date. The committee should review the cover annually.

Insurance Companies

There are a number of companies who have specialist packages appropriate to smaller voluntary organisations; but it is always worth shopping around to compare costs (we recommend obtaining quotes from at least three insurers, but do ensure that you are comparing like with like). When filling in the forms it is vital that you disclose facts such as:-

- ⊗ previous refusals of similar insurance
- ⊗ special conditions imposed on a previous insurance
- ⊗ previous claims on similar insurance

Otherwise, the insurance company may refuse to pay out when you are making a claim.

It is also vital to check and understand any exclusions or conditions before taking out a policy. Be sure that the insurance company understands what you do! Also make sure that you are not under-insured or the insurance company may reduce the payout on a claim.

Types of Insurance

Employer's Liability Insurance – MUST be held by any organisation that employs paid staff. It insures against claims by staff for illness, injury or death arising out of the employee's work where the employer is proved to be negligent or in breach of its statutory duties; it does not cover management committee members, self-employed people, volunteers or service users. The insurance certificate should be prominently displayed in the workplace, otherwise the organisation is liable for a heavy fine. The certificate should be retained for 40 years.

Motor Insurance – MUST be held if your organisation owns or uses vehicles. You must have at least third party cover although comprehensive cover is recommended. If staff and volunteers use their own vehicles while carrying out the activities of the organisation, they should check with their own insurers to make sure they are covered for business use. It is a good idea for the organisation to take a copy of the staff member's/volunteer's motor insurance certificate each year to make sure that they continue to be covered.

Public Liability Insurance – provides cover for injury, loss, or damage caused to any member of the public as a result of the organisation's negligence. The 'public' generally includes the organisation's users, visitors and passers by. You should ensure that volunteers, trainees and management committee members are also included in the cover both for themselves becoming ill or injured as a result of the organisation's negligence, and for any liability that arises from their carrying out work on behalf of the organisation.

Building Insurance – covers damage to the structure and may also include damage to the grounds and fences. If your organisation owns a building or if your landlord makes you responsible for insuring your building, you should insure it for the full rebuilding costs including debris removal and professional fees, and possibly the cost of temporary accommodation.

Contents Insurance – covers items within the building, but can be extended to cover items when they are used away from the building. It usually covers for theft and accidental damage but may need to be extended to cover accidental risk. Adequate cover should be arranged for replacement of items as new.

Money Insurance – covers cash on the premises or being taken to the bank or in the homes of trustees and volunteers. It is often included in contents insurance up to a certain limit, but you should check that this cover is high enough for your organisation.

Professional Indemnity Insurance – covers your organisation against claims for loss, injury or damage resulting from services provided negligently or without reasonable care. For example the provision of incorrect benefits advice which leads to a claimant not getting benefits to which he or she is entitled.

Trustee Liability Insurance – covers governing body members for loss to the organisation for which they are personally liable as a result of breach of trust or breach of duty. If registered charities wish to arrange this insurance there should be an explicit power in the governing document to buy trustee indemnity insurance out of the funds of the charity. If there is no such power, trustees must apply to the Charity Commission for authority to do so.

Fidelity Guarantee Insurance – covers the organisation for theft by, or dishonesty of, employees, volunteers, governing body members or others who handle money for the organisation.

Failure of special events insurance – covers losses suffered by an organisation due to an event being cancelled or being unsuccessful as follows:

- ⊗ **Cancellation insurance** covers an organisation's financial commitments or loss, if an event is cancelled for reasons beyond its control.
- ⊗ **Non-appearance insurance** covers loss of money or reputation as a result of a speaker or other key person not appearing.
- ⊗ **Pluvius insurance** covers the organisation against losses suffered because an event is wholly or partly stopped by rain.

There are a number of other very specific insurances which you may wish to consider (if appropriate for your particular organisation) as follows:-

- ⊗ Employer's protection insurance
- ⊗ Health care, sickness, accident and death insurances
- ⊗ Key worker insurance
- ⊗ Travel insurance (if staff have to travel abroad on behalf of the organisation)
- ⊗ Product Liability insurance
- ⊗ Breach of copyright insurance
- ⊗ Breach of confidentiality insurance
- ⊗ Consequential loss insurance
- ⊗ Fundraising appeal insurance
- ⊗ Legal expenses insurance

This list is not exhaustive so if your organisation opens itself to any other particular risk because of what it does, you should seek professional advice.



For further information please contact:

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