

The Voluntary, Community and Social Enterprise Sector - an insurance guide for individuals and organisations



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Introduction

When considering whether or not to volunteer, the risks of volunteering are quite often assessed either by individuals, constituted organisations or charities. The perceptions of risk can often be over exaggerated, but where clear risks do exist, there are many ways in which such risk can be mitigated by risk management and by arranging appropriate insurance cover.

Some classes of insurance are required by statute, others are considered to be important if carrying out certain activities or tasks as an individual or organisation, but quite often there is overlap between one class of insurance and another.

In this guide, clear identification of what each policy generally covers is provided. Your insurer can provide you with further information about the risks that can be insured and what your insurance policy will cover. You may also choose to use the services of an insurance broker to assist you. If you need assistance and guidance in finding an insurance broker, the British Insurance Brokers' Association's (BIBA) Find a Broker service can help. BIBA can be contacted either through www.biba.org.uk or on 0870 950 1790

Many of the classes of insurance outlined in this guide can be purchased as stand alone insurances, but many are provided as standard extensions or as sections of cover within combined package policies that are specially designed for the charitable and voluntary sector.

Section 1

Insurance policies required by law

The insurances in this section are required by statute, which means that in the event that certain circumstances prevail, you are required by law to arrange appropriate insurance cover.

- Employers' Liability
- Motor – Personal
- Motor – Fleets or individual commercial vehicles

1.1 Employers' liability

What is it?

Insurance you buy as an employer to cover your employees. This includes permanent staff who work on a full or part time basis and any volunteers who work under your direction or control.

Who might need it?

Anyone who is an employer is required by law to have this, with some minor exceptions where your employees are family members.

What is covered?

Your civil liability arising from a claim for injury to an employee. And the cost of defending those claims.

The policy will also usually include:

Defence costs for prosecutions under the Corporate Manslaughter Act 2007, defence costs for prosecutions under the Health & Safety at Work Act 1974

What is not covered?

Employers' liability does not cover people who are not employed by you, but it does cover injury to 'Authorised Volunteers'. You must however ensure that your insurer is advised that 'volunteers' are utilised as some less specialist insurers may consider this to be a material fact that has to be disclosed to them.

1.2 Motor - personal

What is it?

Insurance you buy for your own personal vehicle.

Who might need it?

It is compulsory by law for every keeper and user of a car to have a minimum of third party insurance cover.

What is covered?

Your civil liability arising from a claim for injury to another person or damage to their property and the cost of defending those claims.

The policy will also usually include:

The cost of repairs to your own vehicle if you have higher levels of cover e.g. fully comprehensive. But cover can be arranged on a third party fire and theft only basis.

If you are using your own vehicle in connection with voluntary activities, the vast majority of insurers will cover you at no extra charge. See the ABI website for more details www.abi.org.uk

What is not covered?

Use of the vehicle for activities not notified to your insurer.

The policy excess is not covered and there may be restrictions to windscreen cover, personal effects or where modifications have been made to the vehicle.

1.3 Motor – Fleets or individual commercial vehicles

What is it?

Insurance you buy for vehicles owned or used by a company or organisation.

Who might need it?

Every organisation that owns, leases or uses vehicles must have a minimum of third party cover.

What is covered?

Your civil liability arising from a claim for injury to another person or damage to their property. And the cost of defending those claims.

The policy will also usually include:

- Defence costs for criminal prosecutions where a person has been injured or killed.

- The cost of repairs to your own vehicles in most standard policies. This is often referred to as “comprehensive” cover.

- Cover can be arranged on a third party only or third party fire and theft only basis.

- Various vehicle types can be insured including private cars, commercial vehicles or vans and special types.

What is not covered?

Use of the vehicle for activities not notified to your insurer.

The policy excess is not covered and there may be restrictions to windscreen cover and personal effects.

Section 2

Important insurance cover for individuals who volunteer or act as trustees

- Trustee and management liability / charitable trustees indemnity insurance
- Property – household

The insurance policies in this section are relevant to individuals. In circumstances such as volunteering to cut a neighbour's hedge or clear snow from their path, any personal liability that may be incurred is normally covered by the liability section under household contents insurance.

Similarly if individuals are looking to volunteer as a Trustee on a more formal basis, Charitable Trustee's Indemnity Insurance is often provided by the charity to cover an individual's personal liability whilst acting on behalf of the charity.

Cover that would ordinarily be required to cover an organisation is outlined in the Section 3 and would provide cover for the activities of the Charity, ranging from providing food banks, to cancer research, education or whatever the activity the Charity undertakes to provide.

2.1 Trustee and management liability / charitable trustees indemnity insurance

What is it?

Insurance which covers your duties as a Director or Trustee Director, Shadow Director Officer or Member of the Management Committee.

Who might need it?

Anyone who is in a position of trust or leadership within the organisation or who has other legal responsibilities.

What is covered?

The individuals referred to above are insured for civil liability arising from their mismanagement of the organisation and the cost of defending those claims.

The policy will also usually include:

Some cover for the organisation itself in addition to the individuals.

What is not covered?

Loss resulting from events that existed prior to the commencement of cover and losses where indemnity may be provided elsewhere, such as under an employers' liability or public liability insurance. In addition, criminal, dishonest, fraudulent or reckless acts are also excluded from cover.

2.2 Property - household

What is it?

Insurance you buy for your own house and also its contents.

Who might need it?

Anyone who owns a house may need buildings and contents insurance. If you rent you may need just contents cover, which automatically extends to cover your liability to any 'third party'.

What is covered?

Your household policy will cover your home, its contents and also your civil liability arising from a claim for injury to another person or damage to their property arising out of your ownership or occupation of your home or your personal activities, and the cost of defending those claims.

Cover is usually provided for voluntary acts such as clearing a neighbour's drive of snow or garden tidying, where you are acting as an individual and not on behalf of an organisation or group.

What is not covered?

The policy excess and the extent of policy cover you select. Whilst some policies can be extended to include cover for individuals working from home, in general, household policies exclude any liability arising from activities relating to your business or profession.

Voluntary work carried out on behalf of an organisation or group is generally not covered.

Section 3

This section of the guide is aimed at the Charity & Community Sector

The following classes of business can apply to the voluntary sector or charitable sector and the need for each class of business is determined by the requirements of either the individual or the charity/organisation. Such organisations often require the involvement of numerous volunteers in order to function, with volunteer help undertaking a varied and incredibly important range of tasks across the sector.

Some of the classes of business contained in this document are more relevant to larger organisations, but others apply to both large and small organisations.

When volunteering as an individual, it may not be required for you to arrange cover yourself as the organisation to whom you are offering your services may well already have cover in place. You can always check with them to satisfy any fears you may have.

3.1 Public liability

What is it?

Insurance that covers you for risks to people who are not employed by you and damage to property not owned by you.

Who might need it?

Any organisation should arrange public liability insurance, but in particular any organisation working with the public, has any premises that others might enter or organises events.

What is covered?

Your civil liability arising from a claim for injury to another person (who is not an employee) or damage to their property, and the cost of defending those claims.

What is not covered?

The policy does not cover injury to 'authorised volunteers' as they are generally regarded as 'employees'. In addition, damage to property owned by you is not covered. 'Third party' risks arising from the use of a motor vehicle should be covered by a motor insurance policy.

The policy will also usually include:

Defence costs for prosecutions under the Corporate Manslaughter Act 2007 and Health & Safety at Work Act 1974 and liability you may incur for damage to leased or let property. The policy can be extended to cover libel and slander.

3.2 Professional indemnity

What is it?

Insurance which covers negligent work or advice by you or your organisation

Who might need it?

Individuals or companies providing advice or professional services, including legal and financial advice. Also where an organisation administers prescription drugs.

What is covered?

Your civil liability arising from negligent advice or professional services you provide. Even if you are offering your advice *for free* you could still be sued, and the cost of defending those claims.

Organisations providing medical treatment will require a more specialist medical malpractice insurance.

What is not covered?

The policy generally does not cover damage to property or injury to your employees or injury to a 'third party', but may do so where such loss or injury arises from the breach of professional duty.

3.3 Property – commercial

What is it?

Insurance you buy for the buildings you use as an organisation or contents that you may own.

Who might need it?

Any organisation which owns or operates from a property.

What is covered?

The commercial property insurance will cover the buildings and contents owned by the charity for the range of perils purchased e.g. fire, theft, terrorist damage etc.

What is not covered?

The policy excess and damage caused by perils not specifically insured. Computer equipment and electronic equipment will need to be disclosed to insurers and more specialist cover is often available.

More specialist policies are available for the protection of computer equipment.

Theft cover for property carried in a vehicle may be excluded but if covered, will certainly be subject to policy restrictions.

The policy will also usually include:

Moveable property whilst away from the property.

3.4 Engineering insurance

What is it?

Insurance that can be used to cover the statutory inspection of plant and equipment and it can cover damage to the equipment.

Who might need it?

Organisations who occupy buildings where they are responsible for passenger lifts or industrial boilers (not domestic central heating boilers) or for organisations who operate plant and machinery.

What is covered?

Statutory inspections of plant, equipment and passenger lifts can be insured. In addition, sudden and unforeseen damage, including theft of plant and equipment, can be covered.

Damage to surrounding property following the explosion of steam and pressure vessels and industrial boilers can also be covered.

What is not covered?

There may be restrictions to the theft cover on plant. The cover of vehicles for road use should be more specifically insured by a motor insurance policy.

3.5 Fidelity/crime insurance

What is it?

The policy covers the fidelity of individuals within the organisation who may defraud the organisation during their engagement.

Who might need it?

Any organisation who handles money, in particular those organisations who handle financial transactions by electronic means.

What is covered?

Loss or disappearance of funds due to fraudulent means up to the limit insured by the policy.

Often cover is granted subject to certain checks and procedures e.g. obtaining references for all new employees who handle cash.

Check with your insurer to ensure you can comply with these and if not, agree an alternative.

The policy would cover embezzlement of funds from an organisation over a period of time, such as the regular transfer of funds to sources other than for which they are intended.

What is not covered?

The policy excess and loss of interest on your money.

3.6 Insurance of money

What is it?

The policy covers the loss of cash both at the premises and in transit to or from a bank. The policy may also cover cash in the hands of collectors or perhaps the takings from a charity shop.

Who might need it?

This policy is suitable for any organisation handling cash.

What is covered?

Cash losses up to the limit contained in the policy. The policy may also cover damage to safes and should extend to cover personal accident and injury to those carrying cash or handling cash.

This could include losses such as robbery or perhaps the theft of takings from a shop or an event that is being run by volunteers.

What is not covered?

Theft losses involving fidelity of individuals within the organisation unless such loss is discovered within a short period of time (usually seven days). This is the subject of a separate insurance policy.

3.7 Business interruption insurance or consequential loss insurance

What is it?

The policy looks to provide cover for the income or gross profit of the organisation following loss or damage to insured property.

For non-profit organisations cover can be arranged on an 'additional cost of working only' basis. Under this only the extra costs of continuing to operate after a fire or other insured event are insured. This could include setting up temporary alternative premises, for example.

Who might need it?

Any organisation which is a trading entity that is looking to preserve business continuity.

Additional cost of working only cover is suitable if your main concern would be to continue functioning as a charity after an insured event.

What is covered?

The policy can cover loss of gross profit, loss of rental income received or payable, loss of general income or increased costs of working following a loss at a property or the denial of access to a property following an insured event.

What is not covered?

The policy excess.

3.8 Goods In Transit

What is it?

Insurance to cover goods carried in a vehicle.

Who might need it?

Organisations moving property either belonging to you or to cover goods sent by you via a third party haulier or courier, either within the UK or overseas and could include aid delivered overseas.

What is covered?

The cost of the replacement goods.

What is not covered?

The policy excess. Theft from your own vehicles may be restricted.

3.9 Loss of License

What is it?

Compensation for the loss of a license granted under the Licensing Act 2003 or equivalent

Who might need it?

Anyone who has a license under the Licensing Act 2003.

What is covered?

Loss of Income or the depreciation in the value of the interest in a property resulting from the withdrawal of the License.

What is not covered?

Changes in the law and changes in planning restrictions.

3.10 Employment practices liability (EPL)

What is it?

Insurance against the financial impact of a claim through issues surrounding employment.

Who might need it?

Any firm who employs staff as firms can be exposed to litigation or employment tribunals for not treating staff fairly.

What is covered?

Legal costs and damages for claims brought by employees for unfair treatment in the work place. Cover would generally include claims for unfair dismissal, breach of contract, discrimination, harassment and other similar issues.

What is not covered?

The costs of the firm bringing an action is not covered as this class of insurance should not be confused with certain types of Legal Expenses Insurance

3.11 Commercial Legal Expenses Insurance

What is it?

Insurance against the legal costs of claims brought against the firm.

Who might need it?

All firms may have an exposure to this risk.

What is covered?

The main sections that can be included within the policy include defence costs of employment disputes, including compensation awards, property protection, tax protection, bodily injury and general legal defence.

What is not covered?

Litigation that has already commenced prior to the inception of the policy, along with any policy excess.

3.12 Personal accident & sickness insurance

What is it?

Insurance covering illness or injury of the person.

Who might need it?

Individuals can insure themselves whilst carrying on various activities or businesses can cover their employees.

What is covered?

Temporary or permanent disablement through illness or loss of limbs, eyes or death caused by accident or sickness of the insured. Up to a maximum time period. There is also provision to include a weekly benefit that is paid following defined accident or illness.

What is not covered?

Previous medical conditions and some hazardous activities. There is often a policy excess, which can be a time period or alternatively a sum of money.

3.13 Permanent health insurance

What is it?

Insurance against long term illness.

Who might need it?

Individuals can insure themselves whilst carrying on various activities or businesses can cover their employees.

What is covered?

A weekly/monthly benefit payable to preserve the net income of the individual who becomes ill.

What is not covered?

Cases are usually underwritten and are based on health related screening. There is usually an excess which can be as long as six months or even longer.

3.14 Business or personal travel insurance

What is it?

Insurance against travel delay, medical expenses incurred and personal liability incurred whilst travelling. This can be UK or worldwide.

Who might need it?

An individual looking to go on a trip overseas or a business whose employees undertake travel either within the UK or worldwide.

What is covered?

Cancellation of travel, delay, medical expenses, personal liability, luggage, hazardous activities, if disclosed, and often this includes a form of crisis management assistance via helplines.

What is not covered?

There is usually a policy excess and the requirements for medical underwriting of some form or other.

Section 4 - Summary

In this guide, clear identification of what each policy generally covers is provided. Your insurer can provide you with further information about the risks that can be insured and what your insurance policy will cover. You may also choose to use the services of an insurance broker to assist you. If you need assistance and guidance in finding an insurance broker, the British Insurance Brokers' Association (BIBA) Find a Broker service can help. BIBA can be contacted either through www.biba.org.uk or on 0870 950 1790.

It should also be noted that where individuals are looking to carry out voluntary work on behalf of larger organisations, quite often those organisations will already carry the appropriate insurance cover.

This guide has been produced in conjunction with the Volunteer Liaison Group. This group includes the Money Advice Service, the Association of British Insurers (ABI), The Cabinet Office, Community Matters, The National Council for Voluntary Youth Services (NCVYS), The National Council for Volunteering England and the British Insurance Brokers' Association (BIBA).

