

# INSURANCE AND RISK MANAGEMENT

A GUIDE FOR CHARITY & FAITH

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## A GUIDE FOR CHARITY & FAITH

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This guide has been prepared by aQmen Underwriting Services for the use of charities and social enterprises. It is intended purely as introductory information on the subject matter, and does not provide you with information or advice (whether legal or financial) on which you should rely. You should always seek professional advice specific to your requirements. For more information, speak to your insurance advisor.

### INTRODUCTION

A charity or social enterprise, like any business or organisation, needs to manage its risk. The risks that charities face are similar to those of commercial organisations, but there are differences.

Insurance is just one way to control the financial impact of something going wrong and in some cases insurance is compulsory (for example, motor insurance and Employers Liability).

Buying insurance is part of a risk management process and this guide will explain how that process can work for you. It will describe what insurance is most commonly available, and answer some frequently asked questions as you consider which insurance is most relevant to you.

### 1. HOW INSURANCE WORKS

When you arrange insurance, you are buying an insurer's claims-paying ability (their claims service backed by their capital) in exchange for a premium, and you are transferring your risk to the insurer.

You are basing your purchasing decisions on the fundamental principle of insurance – to control the financial impact of something going wrong which you cannot control by any other means, and where that impact cannot be readily absorbed by your own financial capacity.

As the insurance industry has evolved, it has sought to offer one further reason for buying insurance; to enter into partnership with risk professionals who can provide specialist support and advice to help you get through a problem at the lowest cost with minimum disruption to you.

Risk management tools, advisory helplines, legal and HR support, IT recovery, emergency repair services, reputation damage limitation, kidnap and extortion response, and of course claims defence and settlement all feature to varying degrees in the way that insurers seek to offer more than simply a financial transaction.

## 2. THE RISK MANAGEMENT PROCESS

It is a legal requirement for every employer and self-employed person to make an assessment of the Health and Safety risks arising out of their work in order to identify what needs to be done to control these risks (Regulation 3 of the Management of Health and Safety at Work Regulations 1999).

You are only legally required to make a written record of the assessment if you have five or more employees, although it is advantageous to do so irrespective of the size of the organisation in order to assist in the defence of a claim.

If you have 5 or more employees then you need to record as a minimum:-

- The significant findings - What the risks are, what you are already doing to control them and what further action is needed
- Details of any particular groups of employees who you have identified as being especially at risk, such as inexperienced or young workers, expectant or new mothers, or people with disabilities.

Whilst Health and Safety law doesn't generally apply to individual volunteers, common law may do so. In any case it is advisable to apply the same principles of Health and Safety and risk management to every organisation, whether there are paid employees or not.

Risk management revolves around three factors: what you may lose or suffer (the event); how likely it is that the event could materialise (the frequency) and the extent to which you can afford to bear that risk (the impact).

Some risks are not insurable, either because they are contrary to the public good (for example, most fines and penalties), unquantifiable (an underwriter cannot price the risk), too unusual (to the extent that no insurance market has yet to adapt to them), or too frequent or severe to the extent that they become unaffordable to insure.

Buying insurance is only one stage in a risk management process, not a stand-alone activity. If you identify risks and they are affordable to insure, then you may choose to do so. Irrespective of insurance, however, risk management should flow throughout your organisation.

First, identify what risks reside in your organisation and report on them accurately. Next, determine whether and how you can manage them (or whether you have to avoid them altogether).

Trustees and directors should understand their responsibilities relating to risk management. They

should control this process and ensure that the board is committed to carrying it out carefully.

Each organisation should develop a process that meets its own individual needs, and is appropriate to its complexity, scale and resources.

### STAGE 1: REVIEW RISK

You need to search for risk.

What situations might stop your organisation meeting its objectives? What losses might create one-off costs which would stretch cash flow? What liabilities have the potential to damage your organisation? In which circumstances might the support of an insurer help in dealing with a problem?

This can be carried out as a brainstorming and review exercise to identify and prioritise the risks. Do this "as if uninsured". In other words, don't assume that the risk goes away if you insure it – it doesn't, all insurance does is to make the financial impact less severe.

At this stage, you may seek professional advice specific to your requirements. You can speak to insurance advisors or risk managers to assist you in this process.

### STAGE 2: SET UP A RISK REGISTER

Set up a simple spreadsheet like the sample above. (There are many more examples available from specialists or online; many are more complicated than the sample above).

Use the risk register to record, prioritise and comment on each risk you identify. This will inform your insurance purchasing plan and your Business Continuity Plan (BCP).

Risk			Impact		Probability		Mitigation							
Item #	Category (A. Accounts / B. Business / C. Clients)	Nature of Risk	Current Rating	Prior Rating	Current Rating	Prior Rating	Mitigation Strategy	Identified KPI	Relevant Insurances	Director(s) Responsible	Date Last Reviewed	Comments / Actions (see also Action List & Updates)	Next Action / Review by:	Over-due?
			5-6 = High 3-4 = Medium 1-2 = Low		5-6 = High 3-4 = Medium 1-2 = Low									
1	A, B, C	Building which we rent burns down. Additional costs of alternative accommodation, business interruption.	1	3	1	2	1) Lease has been checked and Landlord confirms that it arranges insurance 2) Alternative premises identified and kept under review 3) Business Continuity Plan (BCP) in place	Annual check on Landlord insurance. Annual review on alternative premises. Board review of BCP. Insurance review with CaSE Insurance	Contents and Tenants Improvements, Business Interruption	x	Date	Review at next Insurance / Risk Management meeting. Review adequacy of cover and sums insured with CaSE Insurance	Date	
2	A, B, C	Building which we own burns down	3	4	2	1	1) Insurance arranged and kept under review (BCP) in place 2) Alternative premises identified 3) Business Continuity Plan (BCP) in place	Insurance review with CaSE Insurance. Surveyor has requested clear-up of flammable materials - being actioned	Buildings, Contents and Business Interruption, Terrorism, Crisis Management	x	Date	Action: Material clean up within 7 days	Date	
3	A, C	Potential loss of key funding from x	2	2	5	2	1) Adequate reserves to continue service delivery - check demands 2) Alternative funding source identified and application likely to succeed 3) Review protection of mobile client data. 4) Review Whistleblowing policy.	Outcome of alternative funder review due on [Date]	Executive Risks - Trustee Indemnity, Professional Indemnity	x	Date	Action: Meet on Date + 7 days to review outcome of alternative funding	Date	
4	C	Data Infringement - Laptop theft last month	3	2	1	1	1) Staff use of personal vehicles can lead to loss on No Claims premiums. 2) Review internal policy where staff required to use own vehicles	Monthly Compliance Report	Public Liability and Professional Indemnity DPA cover Cyber and Data Liability	x	Date	Action: Review Cyber cover with CaSE Insurance	Date	
5	B	Staff complaint following Motor accident whilst driving service user	1	2	1	2	HR processes include annual check with employees and volunteers	Loss of NCB and Excess		x	Complete	Action: CaSE Insurance quote for insurance accepted and cover now in place	Complete	

### STAGE 3: CREATE A BUSINESS CONTINUITY PLAN

Use the risk register to help create a Business Continuity Plan (BCP). This should look at the major risks your organisation could encounter and how it will react if any of them happen. The aim of a BCP is to keep your organisation running smoothly if there is a problem.

A BCP will be specific to your organisation and should identify who is responsible for it and a crisis management hierarchy so this is clear if the BCP is triggered.

It should cover the following consequences of big risks facing any organisation (in no particular order):

- impact on income and cashflow
- impact on effectiveness and on people
- impact on reputation and on stakeholders

Typically, this involves considering the effects on your business which might flow from loss or damage to premises and assets (including software and content), interruption or loss of IT / online capability, and potential liabilities (including contractual liabilities).

### STAGE 4: AGREE AN INSURANCE PURCHASING PLAN

Once you have recorded and responded to each risk and tied these into a Business Continuity Plan, you should know which risks require insurance.

An insurance purchasing plan is a simple list of the risks which require insurance and the loss that you believe you may be exposed to, should something go wrong.

Your insurance purchasing plan, alongside your business description, risk register, Business Continuity Plan and risk assessments relating to your activities, will allow your insurance advisor to source the most suitable insurance for you.

Once insurance is arranged, ensure that relevant contact details are included in your BCP (such as help lines for property claims and travel emergencies).

### STAGE 5: REVIEW RISK AT BOARD LEVEL

Your board should have a regular 'risk review' on its agenda, including changes in charitable aims, objectives or activity. This should involve carefully reviewing the risk register and Business Continuity Plan. You should also regularly review the suitability of your insurance.

## 3. KEY AREAS OF RISK

Charities, social enterprises and faith-based organisations face many challenges. For Health and Safety advice, see [www.hse.gov.uk/toolbox](http://www.hse.gov.uk/toolbox). We have identified a limited number of other helpful links in the areas below.

### ACCIDENTS INVOLVING PEOPLE

You do not need to advise your broker or insurer about every minor accident that takes place under your control. However, they do need to know about more serious incidents, whether you expect an insurance claim to arise or not. A good rule of thumb is to let them know when an individual has received medical attention or has visited hospital. If you are unsure, please contact your insurance advisor.

All accidents, no matter how small, should be recorded in your accident book. Please keep all records of witness statements and any evidence in case your insurer requires these.

Certain types of injuries, occupational illnesses and dangerous occurrences may need to be reported to the appropriate enforcing authority. For more information about RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations Act 1998): [www.hse.gov.uk/riddor](http://www.hse.gov.uk/riddor)

#### Building Repairs and other Contract Works

Where you are organising any building repairs or enter into a contract making you responsible for insuring any loss or damage to the building works or unfixed materials, make sure you advise your broker or insurers as there may be no cover in the policy unless you have specifically agreed otherwise.

You may have to complete a Building Works Questionnaire asking about the building plans, expected time period, your health & safety plan, on-site procedures, local authority approvals etc.

Please also note that if any non-domestic construction project lasts more than 30 days or 500 person days under the Construction (Design & Management) Regulations 2007 the project must be notified to the Health & Safety Executive.

Many older buildings (especially places of worship) may contain asbestos and under the Control of Asbestos Regulations 2012 you have a duty to know about and manage the material, particularly in regard to building work.

[www.hse.gov.uk/asbestos/regulations.htm](http://www.hse.gov.uk/asbestos/regulations.htm)

### CHARITY SHOPS

Donated items given with the best of intentions can be potentially hazardous unless properly checked. Your insurance advisor can advise on relevant legislation which includes:

**Children's Clothing** – Children's Clothing (Hood Cords) Regulations 1976.

**Electrical Appliances** – all items should be tested by a qualified electrician and logged accordingly but any heating appliances should be avoided.

**Furniture and Soft Furnishings** – should be compliant with the Furniture and Furnishings (Fire) (Safety) Regulations 1988 and glass should be shatter proof complying British Standards safety standards.

**Toys** – that are pre-used are covered by the General Product Safety Regulations 2005 and must have relevant special warnings instructions.

### COMMUNITY OUTREACH

If you engage in special community outreach such as through a food bank or personal care, there are important regulatory issues you need to be aware of. Specific considerations should be taken into account for the following community services:

**Litter Picks** – there should be written evidence of appropriate training for volunteers and that adequate protective clothing and equipment is used.

**Night Shelters** – ensure that there is someone clearly responsible to oversee the activity, who is able to manage a sufficient pool of trained volunteers with clear policies and procedures in place. As an additional activity there should be separate full risk assessments in place. In particular, we would suggest that a night shelter service should only be offered if you have:

- Adequate washing, eating and sleeping facilities and some Food Hygiene training for volunteers
- A Log Book of who is staying and details of any previous accidents or incidents
- A useful contacts list including emergency telephone numbers for the local police and medical centre.

### PROPERTY AND GROUNDS MAINTENANCE

Injury to people from uneven or damaged flooring, falling masonry and broken fences etc. is more common than you might expect!

Make sure you have a planned programme of routine maintenance – for example, boundary walls and roofing including guttering should be inspected regularly. This should include ensuring that rainwater is directed away from building foundations. Also in snowy and icy weather conditions certain areas may need to be cleared in order to prevent either structural damage or risk of injury.

For external grounds, regular grass-cutting is important and any obstructions should be made clearly visible or kept as level as possible. Insurance does not provide cover for gradual deterioration such as through inadequate maintenance or repair.

Hand tools and garden machinery should also be inspected and serviced regularly and appropriate safety wear should be used.

Car parks, paths, ramps and steps are particularly vulnerable areas and great vigilance is required regarding signage and access. The responsibility for the upkeep of memorial stones, gravestones and tombs remain the with the deceased's family – if they are known – but regular checks are still advisable.

#### Premises used by Third Parties

You may wish to consider Hirers Liability (i.e. where Public Liability insurance extends to cover groups hiring your premises) if you have other third party groups who use your premises.

#### Protection against metal theft

If you have external metal on your building, there is normally only limited cover available unless you employ forensic watermarking technology such as Smartwater.

Also remember that scaffolding may require special security measures. Speak to your insurance advisor for more information.

#### Safeguarding and Lone Working Policies

Safeguarding, including in relation to children and vulnerable people, is a crucial area to be addressed in order to provide adequate protection and to help prevent false allegations against you. This includes the need for appropriate training, implementing Disclosure & Barring Service (DBS) checks (or the equivalent in your country) and maintaining adequate records. If you are part of a wider group or association you should consult them for further guidance.

[www.gov.uk/disclosure-barring-service-check/overview](http://www.gov.uk/disclosure-barring-service-check/overview)

It's important to note that the most specialist insurance policies will require you to adhere to and maintain written policies and procedures in accordance with the appropriate National Minimum Care Standard for safeguarding the welfare of any person in your care against abuse, assault or molestation.

There are also essential considerations for employees and volunteers who work on their own ('lone working'): [www.hse.gov.uk/toolbox/workers/lone.htm](http://www.hse.gov.uk/toolbox/workers/lone.htm)

#### Slips, trips and falls

The most common cause of injury is slips, trips and falls from either slippery, loose or uneven flooring, which also includes rugs, mats, trailing leads and cables. It is advisable to carry out regular inspections of all flooring areas and immediately make safe and defected areas.

#### Special events and activities

A specialist insurance policy should be clear about what activities are automatically covered. When you are planning any large fundraising events e.g. with more than 1,000 people or where activities of an especially hazardous nature are undertaken (such as a firework displays), check with your broker or insurer. You may be required to use a specialist organiser with their own public liability insurance in place.

#### Taking items of the premises

If you are taking valuable items off the premises you should make sure your insurance policy provides appropriate cover. You may be required to declare these items.

#### Unoccupied Premises

If you become responsible for a building that is closed and unoccupied for more than 30 days, you will need to contact your broker or insurer so the limited cover available can be explained.

#### "Walk in theft"

Most insurance policies require there to be "forcible and violent entry" for a theft claim to be entertained but you may have open access and find this onerous. A specialist policy may remove this requirement.

#### Working at height

Check your policy regarding limits.

The Management of Health and Safety at Work Regulations 1999 states any work at height should be risk assessed. Ideally, a professional contractor should be appointed to undertake any work at height. Ladders should also be maintained and inspected.



## GENERAL HEALTH AND SAFETY

### Electrical Inspections

It is a requirement that all electrical installations are safe in terms of design, construction and installation in accordance with the Electricity at Work Regulations 1989 and therefore should be inspected regularly.

[www.hse.gov.uk/electricity/](http://www.hse.gov.uk/electricity/)

### Fire Risk Assessment

Reduce the risk of arson by avoiding storing rubbish around your premises. It is also a requirement of the Regulatory Reform (Fire Safety) Order 2005 that all public buildings have a completed Fire Risk Assessment that is reviewed regularly to assess impact on any neighbours and also to ensure:

- All candles and other smoking materials are not left unattended
- You have appropriate evacuation procedures
- Firefighting equipment is adequately maintained

[www.hse.gov.uk/toolbox](http://www.hse.gov.uk/toolbox)

### First Aid

Requirements under Health and Safety (First Aid) Regulations 1981 will vary depending on your activities, location and number of visitors. However, this should include an appropriately stocked First Aid Box, an appointed responsible person and, if you work with children, you may be required to hold a Paediatric First Aid Certificate.

[www.hse.gov.uk/firstaid/](http://www.hse.gov.uk/firstaid/)

### Food safety

The Food Standards Agency produces guidance on food hygiene both for occasional and regular food preparation and whether you may need to register with the Environmental Health Department of the Local Authority including if you cater for vulnerable people.

[www.food.gov.uk](http://www.food.gov.uk)

### Health & Safety Policy

There should be full written Health & Safety policies which address relevant legislation. In particular, under the Management of Health and Safety at Work Regulations 1999 it states that all employers compile an appropriate risk assessment in relation to employees and connected people whilst at work.

Also, the Health & Safety at Work etc. Act 1974 specifies that all employers with 5 or more employees must have a written statement about their health and safety. In this context, the HSE regard volunteers as employees which means providing the same duty of care including training and protection to all staff including volunteers and displaying the HSE poster "Health and Safety Law – What you should know".

If you have more than 10 employees, or own or occupy a mine, quarry or factory, you must by law keep an accident book.

[www.hse.gov.uk/simple-health-safety](http://www.hse.gov.uk/simple-health-safety)

### Heating Systems (including oil systems and gas boilers) and Portable Water Boilers and Cooking Appliances

All heating systems should be serviced regularly by a qualified technician:

- Gas - a Gas Safe registered installer
- Oil - an OFTEC registered engineer
- Portable water boilers and cooking appliances can be extremely dangerous and, wherever possible, should be used whilst in a cradle or tied to a wall together with a means to capture spills.

## 4. THE INSURANCE PROCESS

Charities, social enterprises and faith-based organisation face many of the same risks as businesses. However, by virtue of the aims and activities of organisations within Civil Society, there are some extra considerations and requirements when assessing your insurance needs.

### THE PROCESS

Put together a business description, which should set out the activities that will be insured and be as accurate as possible. An accurate business description, in combination with your risk register, Business Continuity Plan and risk assessments relating to your activities will allow you or your insurance advisor to begin the search for suitable insurance.

### BUSINESS DESCRIPTION EXAMPLES:

ACTIVITY	GOOD	BAD
Managing a Drop-In Centre	Day-care centre for the elderly, including low risk clubs and activities provided by staff and volunteers. Weekly trip to local pool supervised by external instructor with own insurance. Provision of Care & Treatment services.	Drop-in Centre
Providing Respite Care	Domiciliary and day-care support. Provision of trips and excursions (maximum 2 weeks, all UK based) using third party transport services with own insurance. Assistance with prescribed medicines – no injections or invasive applications.	Respite Care
Organising events	Organising events with up to 500 attendees (within insurance policy definition of insured events), including setting up staging, lighting and light structures. Cash collections up to £1,000 at any one time, banked daily or kept at Trustee residence for up to 24 hrs. Other events also undertaken but always using third party event organisers with their own insurance.	Fundraising Events

### INSURANCE ADVISORS

You may choose to find a suitable insurance advisor (insurance broker) to help you with arranging insurance. Your insurance advisor should assess your needs and work with you to understand what protection you may require; they can then go out to the market - to organisations such as aQmen Underwriting Services, which provides CaSE Insurance - to get you a range of quotations.

Work with your insurance advisor and build a positive long-term relationship based on mutual trust. They need to get to know you and vice-versa.

When looking for an insurance advisor, the British Association of Insurance Brokers is a good place to start:

[www.biba.org.uk/find-insurance/](http://www.biba.org.uk/find-insurance/).

## WHAT INSURANCE MUST YOU HAVE?

There are some insurances which are compulsory depending on your organisation's circumstances. Your insurance advisor can tell you more, but these are the most common, legally-required insurances:

### Employers Liability:

If you have staff that work for you full or part time then you must have Employers Liability (except in a few, specific circumstances); it is also recommended that you consider Employers Liability even if you only have volunteers.

This insurance protects you against the cost of paying claims for illness or injury sustained by your employees or volunteers as a result of your negligence.

Make sure that your insurer knows you want your volunteers to be covered by your Employers Liability insurance, and that staff and volunteers are covered for working away from your primary place of business. Ensure that you are clear with insurers about the types of work undertaken – such as manual or lifting work, work at heights, work using machinery, exposure to unpredictable service users including any lone working policies and procedures, and the potential for 'work-away' including any work on trips overseas.

Specialist insurers will normally ask you to break down waggeroll for the various categories of work undertaken and to provide numbers of volunteers as well as any other category of individual who may be working for or on behalf of your organisation – such as members, associates, consultants and so on working under your direction or control. You may have to provide total numbers and/or 'Full-Time Equivalent' numbers.

### Engineering & Inspection:

If you own or are responsible for plant or equipment – lifts, hoists and boilers, for example, and mobile items such as fork-lift trucks – you may be required to meet a prescribed maintenance and inspection regime.

This is often done in tandem with insurance which will provide both the mandatory inspection service and also insurance against mechanical breakdown, loss or damage.

### Motor Insurance:

If you own vehicles for road use, you must insure them for Road Traffic Act (RTA) liability (as a minimum) in case a third party is injured or property is damaged. Typically you will also want to cover loss or damage to the vehicle itself.

If you regularly hire cars rather than own them, you may find that it is more economical for you to arrange a block policy than to rely on the hirer's provision of insurance and you may also be able to negotiate a lower excess.

If your staff or volunteers use their own vehicles for 'business purposes', for example to attend meetings, transport goods for you or to drive your service users, then you must ensure that they have declared this to their insurers and keep evidence of this on your records.

Be aware that, in the event of injury or accident, volunteer drivers may be liable to pay an excess under their policy or lose some or all of their no claims bonus... Some insurance policies (including CaSE Insurance) include an optional section of cover to re-imburse volunteer drivers for any excess they would have to pay, and any loss of their No Claims Discount, following an accident whilst driving on behalf of the organisation.

If you own or use, or let out, any mobile equipment which may be used either on the road or other public spaces, you should seek advice as to whether these are subject to the RTA and arrange for your liability insurance to provide cover in the event that injury or damage is caused to third parties.

Finally, bear in mind you are required to make sure that:

- your drivers have a valid driving licence and appropriate insurance (and have told their insurer they are using the vehicle for work)
- their vehicle is taxed and has a valid MOT
- vehicles are in a roadworthy condition
- suitable driver training is provided, especially for any specialist vehicles.

You should keep records of this and have an annual review process.

## WHAT OTHER INSURANCE MIGHT A CHARITY OR VOLUNTARY GROUP NEED?

*Note: Some insurers use different names for the same sort of insurance, and details of the cover provided can be different.*

Apart from the compulsory insurances set out earlier, there are many other insurances available to you to protect against loss or damage to your physical assets and, most importantly, to help defend and protect you against liabilities which may arise in the course of managing your organisation and undertaking services.

Talk to your insurance advisor about the following:

## MANAGING YOUR ORGANISATION

### Trustee Indemnity (TI)

Trustee Indemnity insurance can cover individual Trustees, Directors or Officers from claims arising out of an act, error or omission by a trustee. This is not a legal requirement but is often viewed as a means of financial protection in the event of civil litigation and it reassures trustees that there is insurance to protect them if they are held to be personally liable.

Trustee Indemnity may be extended to also include cover for Employment Practices (losses in connection with a breach of employment regulations, an employment contract or a dismissal or pay dispute), and where not insured separately, Professional Indemnity (losses from errors in the provision of advice, design or consultancy to a third party) or Fidelity Guarantee (theft of money or assets by an employee or volunteer).

The term Trustee Indemnity is synonymous with Directors & Officers insurance, and can also apply to entities run by a board, management committee or similar structure – in essence, the policy covers a claim against either the legal entity, the individual trustees, directors and managers, or both.

Cover is relatively inexpensive and very few claims lead to a successful action against trustees for financial compensation, so the main benefits will lie in having an insurer supporting you in handling and defending the claim, or assisting you through an investigation.

You should elect for a indemnity limit which makes the trustees comfortable that they are taking reasonable precautions to protect the entity (and themselves). Your insurance advisor should be able to offer some guidance on this.

### Legal Expenses

Legal Expenses insurance protects your organisation from the legal costs arising from a range of scenarios including legal defence of contract disputes, appeals and investigations. This cover provides peace of mind to your organisation through access to legal advice and to provide financial protection in the case of unexpected legal proceedings.

Rarely valued, but often used, Legal Expenses insurance often provides a helpful service which normally includes a telephone-based advice line (including useful elements of risk management such as legal templates) backed by certain elements of insurance where that advice is followed but subsequently found not to avoid or mitigate a claim against you.

## INTERACTING WITH THE PUBLIC

### Public and Products Liability

Though generally not legally required, you should consider having this cover in place from the first moment that your organisation starts to become active or takes up premises.

Public Liability is an important insurance for charities, social enterprises and faith-based organisations. It protects you from the cost of claims made by third parties (such as a member of the public, a service user or another organisation) such as for injury or damage to property caused by your organisation's negligence. It also provides cover for damage or injury caused by property or land which the Insured own or control (Property Owner's Liability).

The cover may also include negligence in the provision of medical treatments where the service is provided by a qualified practitioner, following instructions or administering prescriptions provided by a medical professional.

Products Liability covers you for the cost of a claim for injury or damage caused by a product you either supply or produce.

These two insurances are often packaged together.

You should seek a specialist policy which fully recognises the unique needs of the sector in general and your organisation in particular.

A good specialist policy will extend to include liability arising out of:

- breaches of Data Protection legislation
- unintentional libel or slander
- 'care and treatment' activity which you undertake, although it will stop short of covering medical interventions and clinical trials – see Medical Malpractice below.
- member-to-member cover, especially where groups, clubs or societies face the potential risk that injury or damage is caused by one member against another

Make sure that the insurer fully understands what you do, how you raise funds and deliver your services – you should include this in your business description and your insurer should provide you with a cover on a broad-ranging basis, so that you don't have to keep asking if you're covered for a new activity.

## PROVIDING SERVICES

### Professional Indemnity

Professional Indemnity insurance provides cover in the event of an actual or alleged act, error or omission that resulted in civil litigation following the organisation providing negligent or erroneous advisory, counselling, consultation and other services to a third party.

This differs from Trustee Indemnity in that, rather than protecting against wrongful acts connected with the running or management of your business, it protects you against claims that your wrongful acts (typically negligent acts or breach of duty) have led to someone suffering loss (normally financial loss) where they were relying on you to exercise reasonable skill and care in providing them a professional, advisory, design, counselling, sign-posting or other service requiring such skill and care.

Where the skill involved is of a medical, psychiatric, or similar nature (perhaps best described as where you are delivering services to someone who comes to you in the expectation of receiving treatment), you will also need to consider cover for Medical Malpractice.

Most 'standard' Professional Indemnity policies do not cover professional (regulated) advice of certain professions such as solicitors, accountants, architects, financial advisers or medical professionals whose professional bodies require them to take out cover either with specified insurers or on the basis of specified policy terms and conditions. If you do provide regulated professional services, you may need a specialist policy.

### Medical Malpractice

This is a specialist insurance which will typically cover you for the provision of services by qualified doctors, nurses, psychiatrists or similar professions. Ensure you are dealing with a specialist insurance advisor, as this is an important and expensive cover.

## EVENTS AND EXHIBITIONS

### Events & Exhibitions – Public Liability, Property away from your Premises

You should be able to include Public Liability cover for your events within your insurance arrangements, but sometimes a specific event may fall outside the scope of that policy, or require some enhanced cover. You should speak to your insurance advisor about these requirements.

More likely, you will need to insure some property for which you become responsible on a temporary basis – marquees, staging, lighting and so on. Or, you may need to arrange cover for cash held at events. In these situations, you can extend your policy to cover these requirements.

### Event Cancellation or Curtailment

This will cover you for the financial consequences of an event which you have organised being cancelled or curtailed (due, for example, to adverse weather, unavailability of the venue, or lack of access to the venue). It can also cover the effects of non-appearance of key participants such as key-note speakers and stage acts. Cover will consider both your pre-event costs and your post-event loss of projected income.

Logically, the closer you are to the event date when you seek to arrange cover, the greater the risk to you that you pay a higher premium (for example, insurers may be able to anticipate weather disruption from forecasts available to them and price an increased risk accordingly – or even decline cover) so the earlier you consider the need for insurance the more likely you are to be able to negotiate the cover you need and a reasonable premium.

## PROTECTING YOUR EXPOSURE TO FINANCIAL LOSS

### Business Interruption, or additional costs, following loss or damage or loss of use of Property

This is intrinsically linked to (and cover is triggered by claims under) your property insurance, and covers you if as a result of loss or damage to your insured physical assets you suffer consequential financial loss to your business through interruption of turnover, loss of income, or additional expenses. In the not for profit sector, where income is less dependent on trading revenue, "Additional Expenses" is the most common element of insurance required, to allow for the costs involved in moving to alternative premises and extra rental or lease costs.

### Loss of Licence

Covers you for the cost of appeal and ultimately the effect on your business of losing a business licence (such as a premises license, care home registration or residential permissions).

## PROTECTING YOUR PHYSICAL ASSETS

### Loss or Damage to your Property, Goods and Money

Property Damage provides cover for your organisation's assets, such as buildings, contents and other physical property you either own or are responsible for. Another section of cover called Specified Business Equipment All Risks (also known simply as 'All Risks') provides cover for equipment used away from your premises.

When assessing your property insurance requirements, you should consider:

- What property are you obliged to insure? Does your landlord, hirer or finance provider require you to insure physical assets such as the building you occupy or the equipment you hire?
- What property do you want to insure, because in the event of a maximum possible loss, you could not easily fund its replacement?
- What sums insured are required?

If you are insuring a building, valuables and art works, or other items which are susceptible to movements in value which may not be aligned to typical levels of inflation, check when you last had these professionally valued.

Update your sums insured annually by carefully reviewing them against your asset register. Update your valuation-based sums insured at least every 5 years (every three years is 'good practice' and may even be a requirement for some insurers).

Make sure that you include in your insurance declarations the value of any Tenants Improvements where, for example, you have spent money on internal fittings and alterations at a premises which you do not necessarily own. And include the value of outbuildings and other related structures.

Check that your policy covers you for the new replacement cost of any items lost or damaged, and ensure that you advise your insurer of the full replacement value (not the value written down in your accounts which will generally have depreciation built in).

You should consider insuring against risks of terrorism and civil unrest as an extension to your property insurance (as this is normally excluded).

Check whether you are susceptible to loss (for example, theft) in circumstances where forcible or violent entry may not be required to access your premises. For example, where you share office space or have no protected entrance to your own area. Most insurers will exclude theft unless by means of forcible or violent entry, but you can request them to provide this cover.

If you are involved in storing or selling donated items (for example, through a charity shop), think about the stock value to you and insure it appropriately.

Check that you are providing the intended cover for employees' effects as well as those of service users, not least where you are providing residential services.

If you have any contents which are taken away from the premises, for example laptops and exhibition equipment, they may be insured on a 'all risks' basis under a separate section such as Specified Business Equipment All Risks.

Other sections of cover which you may consider are:

- Goods in Transit (covers goods which you transport, send or receive)
- Money – covers cash in safes and elsewhere on the premises, as well as cash bankings. You should also consider any exposure to fundraising cash collections (and how you can account for these).

## CYBER CRIME, ONLINE RISKS AND DATA PROTECTION

Cyber crime is becoming more prevalent and is a serious concern for all organisations. Insurance has developed to meet the needs of organisations whose trading income or reputation can be severely affected by loss or impairment of online connectivity and effective sales completions, as well as assisting the organisations should they suffer a data breach, be the subject of cyber-extortion or social engineering.

The first priority relating to cyber risk management should be to evidence a properly considered Business Continuity Plan with well-constructed references to technology use and loss of data. You should also consider online exposures on platforms such as social media where you may become linked to or associated with potential claims alleging libel or slander, infringement of copyright, or breaches in data protection legislation. Cyber insurances can provide additional protection against the loss arising from cyber-crime or data protection breaches.

### Cyber recovery

Cyber insurances can provide protection against the loss arising from cyber crime or data protection issues. However, it may be more beneficial and cost-effective to source a policy which provides expert IT support services, plus legal and public relations advice in the event that you're the target of a cyber-attack. Cyber recovery will help identify and rectify issues such as hacking, viruses and ransomware, re-instate any lost or damaged data, and assist with the process of notifying affected data subjects and the regulators. This type of cover generally will not cover losses, such as damaged hardware or reimbursement for lost data, but will help you recover your organisation.

### Cyber liability

If you require more complete protection against losses arising from cyber crime, in addition to recovery support, then you may choose cyber liability insurance. This should include cover for any costs relating to cyber crime, hacking or viruses, including replacement hardware or software.



## 5. FREQUENTLY ASKED QUESTIONS

### WHAT INSURANCES SHOULD A NEW ORGANISATION CONSIDER?

Start-ups should consider Public Liability Insurance and, if you have any employees or volunteers, Employers Liability. You might consider adding Trustee Indemnity

### WHAT INSURANCE DO I NEED TO TAKE OUR SERVICE USERS ON TRIPS AND EXCURSIONS?

A specialist policy should normally allow this activity, assuming that you have made your insurers aware that this is part of your services, but check your policy wording and if in any doubt, ask the organisation that issued your policy and ensure they respond in writing so you have an audit trail. Most insurers will want you to carry out a risk assessment as part of your planning.

### DO I NEED TRUSTEE INDEMNITY INSURANCE?

It is not a mandatory requirement but it is relatively inexpensive and gives trustees reassurance. It can be useful in helping to attract high-calibre trustee applications.

### HOW DO WE INSURE STAFF AND VOLUNTEERS WORKING ABROAD?

A specialist policy will usually word their Employers and Public Liability sections so as to enable you to send staff or volunteers to work abroad.

Note that typically there will be restrictions meaning they:

- can engage only in non-manual activities
- can work abroad only 'temporarily' (usually deemed to be no more than three months)
- should not be going to places to which the Foreign and Commonwealth Office advises against all travel or advises against all but essential travel.

Make sure you read your policy wording and if in doubt take advice. And always ensure that a suitable Travel policy is in place.

### DO I NEED TO INSURE MY EVENTS SEPARATELY?

If you are running an event at a venue, make sure they have public liability insurance in place. Check with your insurance provider that your public liability insurance will cover the event. It may need an endorsement to extend the scope of cover.

If the event is a significant fundraiser and/or there would be a financial impact if it were cancelled, you might also consider Event Cancellation cover.

### HOW DO I INSURE VOLUNTEER DRIVERS?

Volunteer drivers must:

- have their own vehicle insurance
- advise their insurer they are undertaking voluntary driving duties
- ensure their car is road legal (taxed and with an MOT)
- meet legal safeguarding standards (DBS checking) if they are dealing with the vulnerable.

The charity should check the situation when recruiting volunteers and not recruit a volunteer driver unless they meet all of the requirements. All drivers should be checked once a year to ensure they continue to meet the requirements, and a record of the check should be kept on file. Note that insurers may have different requirements.

### I DON'T THINK I NEED EMPLOYERS LIABILITY BECAUSE I ONLY HAVE VOLUNTEERS – IS THIS CORRECT?

If you have employees, you must, by law have Employers Liability unless you are exempt under the Employers Liability Act.

Some insurers do not include volunteers within their Employers Liability policy - they adopt the approach that volunteers are 'third parties' and cover them under their Public Liability.

Employers Liability, when it covers volunteers, provides broader, statutory, non-confrontational cover (so it is better for both you and the volunteer). If a volunteer who suffers injury decides to pursue a claim, the court might reasonably decide volunteers working under the organisation's direction are considered employees under the terms of the Employers Liability Act.

### HOW DO I MAKE A CLAIM?

Instructions should be included in your insurance policy. If you are unsure, contact whoever sold you the insurance - your insurance advisor or your insurer.

Make a comprehensive photographic record of any damage, and write down a summary of the key circumstances which you feel have or may have led to the claim.

Don't delay any notification to your insurer, and always discuss the matter with them even if you are in doubt about whether insurance may respond.

## 6. TOP TIPS FOR BUYING INSURANCE

### BE OPEN AND HONEST

Be as open as possible with your insurance advisor and insurer – try to tell them about the risks that concern you and how you deal with them. They should be open and supportive and offer you advice on how to reduce risk and premiums.

### 'SELL' YOUR RISK MANAGEMENT

Make sure your insurance advisor and insurer understands how you manage and minimise risk, as that will help them get you the best possible premium.

### SEEK OUT SPECIALISTS

Using a specialist insurer or advisor who understands the sector you operate in can help ensure your cover is suitable for your needs. You may also be able to access cover which is not normally available.

### PACKAGE DEALS

You may benefit from packaging your various insurances together, such as in a combined policy – it will minimise your premium and avoid unwanted inter-insurer disputes if a claim has the potential to affect more than one type of insurance.

### DO LESS

Some charities believe they are required to undertake annual tenders for their insurance and that they should get at least three quotes every year. In fact, there can be a benefit in having the continuity of the same insurance; reviewing your cover every three years is reasonable and you get a discount for a Long Term Agreement if you sign up to a policy for three years.

### TAKE ACTION AFTER A CLAIM

If you have had a claim and are looking to avoid paying more at renewal, make sure you take action to avoid the problem happening again. This is part of 'selling' your risk management.



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