

# Zurich / ACRE

## Insurance Basics for Village Halls

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## Agenda

- How does insurance help protect a charity and its trustees?
- What lines of cover should you consider? Are there any legal obligations?
- What do you need to consider before buying insurance?
- Risk assessments – what should they include and why do insurers need them?
- Q & A

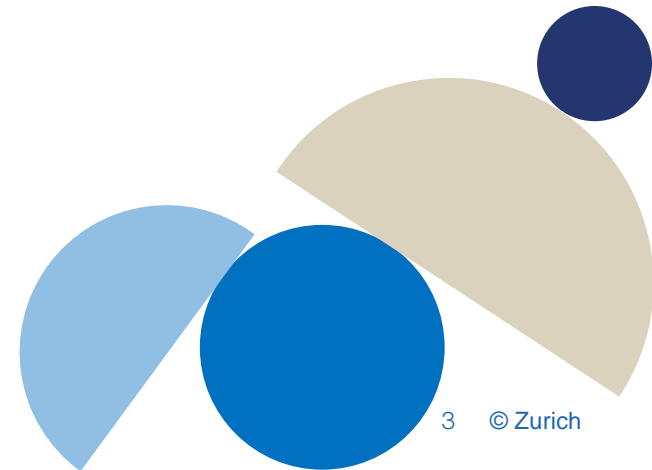


# How does insurance help protect a charity and its trustees?

Trustees have a duty to protect their charities assets and resources. Buying insurance is one of the ways you can carry out this duty.

The nature of the protection provided will depend on the type of insurance you purchase. Each charity is different and will want to insure against risks of a different nature. For example, have you considered you may need insurance for any of these common risks?

- Damage to property – buildings & contents
- Interacting with members of the public
- Holding public events
- Interruption to your activities/loss of income
- Having volunteers
- Trustee's personal assets



# Are there any legal obligations?

## Do you have employees?

If you have employees, it is a legal requirement to have a minimum of £5,000,000 of Employers' Liability cover. This protects you if you are found legally liable for injury (including illness and death) caused to an employee whilst they are carrying out their work duties. It also provides cover if you need to defend yourselves against actions taken for breaches of Health & Safety regulations.

Cover also includes:

- Damages and legal costs relating to the employee's injury.
- People on work experience with your organisation.
- Compensation for court attendance as a witness in connection with a claim under this cover.

## Do you own or use motor vehicles?

Motor insurance is a legal requirement if your organisation owns or leases any motor vehicles.

# What lines of cover should your charity consider?

## Public Liability

If your not-for-profit organisation interacts with the public, other organisations, volunteers and/or people using your buildings or services, you have a duty of care to look after them whilst they're engaging in your activities. Public Liability cover helps protect your organisation, should something go wrong. It covers your organisation if it's found to be legally liable for accidental injury to a third party or accidental damage to their property. It also covers your legal costs if you need to defend a relative claim made against you.

## Trustee Indemnity

This cover provides protection to individual trustee's personal assets if a claim was to be made that contested a decision they made on behalf of the organisation. It could also help you to attract and retain trustees.

Includes:

- Protection against maladministration of funds.
- Cover for breach of duty, trust, and authority.
- Damage and claimants' costs.

## Money cover

This protects you if money is stolen or damaged whilst in the supervision of your employees or volunteers, in your safe, or in transit to the bank.

## Material Damage (Buildings & Contents)

If your charity owns a property you may want to insure it against damage from risks such as fire, flood or malicious damage. If your charity is not responsible for insuring the premises itself, but you still want to protect the content held within it, then contents insurance will protect items such as office equipment, furniture and tools.

## Business Interruption

This type of insurance provides financial compensation for additional expenditure, loss of revenue and/or loss of rent following damage to your building.

## Legal expenses

This type of insurance is designed to protect you against the potential legal costs of employment disputes.

# What lines of cover should your charity consider? Cont.

## Hirers' Liability

Provides protection to the customers of organisations who hire out their premises. It gives the hirer cover against accidental damage to third party property and compensation for accidental injury to third parties. If your charity has premises that you hire out to individuals or groups, then our charity Hirers' Liability insurance is something to consider. Some organisations take this insurance to make it as easy as possible for groups to access their facilities – it therefore potentially enhances their income and gives them an advantage over other facilities which may be available for hire.

## Professional indemnity / Professional negligence

If your organisation provides professional services to third parties which involve professional advice, design or specification for a fee, consider this cover. It protects you where an error or omission could cause financial loss to the third party and they sue for losses incurred. If you provide services or advice to service users but don't charge a fee, consider our Financial Administration Liability cover which provides protection against financial loss claims made against you arising from free services or advice provided by your organisation.

## Libel and Slander

This line of insurance provides cover in respect of libels (written) or slanders (spoken) committed by employees, trustees or directors in the course of your business. It is particularly relevant to organisations or groups that produce publications or whose employees use social media to broadcast opinions.

## Fidelity guarantee / crime

This can protect your charity against the loss of money and/or property which you may suffer as a result of a dishonest or fraudulent act by an employee or volunteer

## Business Travel

Insurance for regular trips on behalf of the organisation. This policy covers employees' overseas medical expenses, personal property and money amongst other things.

# What do you need to consider before buying insurance?

## Understand the detail of how your organisation operates

When an insurer first talks to you, they will want to get an understanding of the services and activities you provide, and how often they take place. You will also need to provide your annual wage roll and staff/volunteer full time equivalent (FTE).

If you work closely with children or adults at risk, they will want to know the detail of your approach to managing safeguarding these groups.

## Are different types of voluntary organisations treated differently (CIO, CIC etc.)?

Typically, this will not have an impact on insurance.

## Accurate sums insured

Buildings & contents are typically insured on a 'new for old' basis, meaning you will need to declare a replacement or rebuild value for your property. Failure to establish the accurate insured value could leave you without a full pay-out in the event of a claim. This is called the 'clause of average'.

For example - if you insure a building for £1,000,000 and the insurer insists that the true rebuild value is £2,000,000, the extent of the insurers liability is limited to 50% of an insurable loss.

Buildings sums insured need to reflect the full cost of reinstating a building following a total loss. In addition to materials and labour, this includes all associated costs such as demolition, debris removal, planning and professional fees. With ever increasing cost of parts and labour, it is important that you have an up-to-date valuation.





# What do you need to consider before buying insurance? Cont.

## Risk Assessments

Put simply, risk management is about identifying and managing the risks that could impact your organisation or charity.

For charities and not-for-profit organisations this might include reputational risk, risk of injury to service users and volunteers, risk of damage to property and contents, sustainability and a look at emerging risks, to name a few.

One of the main risk areas you must manage is health and safety. The Management of Health and Safety at Work Regulations require that all organisations assess the risks involved in their work activities and implement appropriate controls.

### How to manage your risks

Here's a simple four-step process that you can use to identify, measure and manage all types of risk (not just health and safety). If your organisation is small and its activities are limited, this four step process is reasonably simple and could be carried out by one or two people. If it's larger, you may need to ask section or department heads to undertake the task.



**Identify** all the activities you undertake or facilitate and list them.

**Assess** whether any of the activities you've identified could result in someone being injured and how serious that injury could be. Whilst not ignoring those activities that are less 'risky', undertake a more in depth assessment of those that are higher risk.

**Prioritise** and record your findings. Make sure you keep your records in a safe place as you might be required to provide details if an incident occurs.

**Decide** on the steps you are going to take to minimise risks, and implement any changes as soon as possible.

Source: <https://www.zurich.co.uk/charity-insurance/risk-management>



## Useful Resources

Resource	Link
News & Insight – Zurich Free Risk Management Content Site	<a href="https://www.zurich.co.uk/news-and-insight/charity-and-community-insurance">https://www.zurich.co.uk/news-and-insight/charity-and-community-insurance</a>
Article: Do charities need public liability insurance?	<a href="https://www.zurich.co.uk/news-and-insight/do-charities-need-public-liability-insurance">https://www.zurich.co.uk/news-and-insight/do-charities-need-public-liability-insurance</a>
Article: Zurich's Insurance for Charities and Not-for-profits Explained – Video Series	<a href="https://www.zurich.co.uk/news-and-insight/zurichs-insurance-for-charities-and-not-for-profits-explained-video-series">https://www.zurich.co.uk/news-and-insight/zurichs-insurance-for-charities-and-not-for-profits-explained-video-series</a>
Health & Safety Executive: Generic Risk Assessment Template	<a href="https://www.hse.gov.uk/simple-health-safety/risk/risk-assessment-template-and-examples.htm">https://www.hse.gov.uk/simple-health-safety/risk/risk-assessment-template-and-examples.htm</a>
Health & Safety Executive: Village Hall Risk Assessment Example	<a href="https://www.hse.gov.uk/risk/casestudies/pdf/villagehall.pdf">https://www.hse.gov.uk/risk/casestudies/pdf/villagehall.pdf</a>

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# Q&A

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