

# FACTSHEET - INSURANCE

You will need to purchase insurance to cover your assets and activities. There are certain types of activity where insurance is required by law. Your trustees are responsible for approving your organisation's approach to risk management and deciding what risks to insure against and when. It is their responsibility to make sure that your organisation has the appropriate insurance cover for any work or activity carried out. The Trustee Act allows for unincorporated charities to insure their property. If you are an incorporated charitable company, then your articles of association will allow for the purchase of insurance to cover assets and resources.

## Finding the right insurance

Finding the right type of insurance will depend on the size of your organisation, type of work, where the work is carried out and the number of staff or volunteers. The Charity Commission website offers detailed guidance on the legal requirements relating to insurance.

## Types of insurance

There are many types of insurance for different needs. Employers are legally required to take out employers' liability insurance, and organisations that own or operate vehicles through their staff or volunteers are legally required to take out motor insurance. If you undertake work involving the public such as public engagement events or workshops, you will need public liability insurance.

### 1. Employers' liability insurance

Organisations that employ staff are required by law to take out Employer's Liability Insurance with a minimum cover of £5 million. This is to cover for employee injury or illness suffered while carrying out their duties. Volunteers may also be covered by this policy as long as your volunteers are treated in the same way as employees. For example, with access to the same training, supervision and support. When taking out your insurance policy, ensure that it makes reference to volunteers and the work they will be undertaking. You must buy this type of insurance from an authorised insurer. A register of these insurers is available from the Financial Conduct Authority.

### 2. Public liability insurance

If your organisation works with members of the public at their own premises or at an external venue, then you will need public liability insurance. This type of insurance covers bodily injury or illness and material loss or damage incurred by members of the public whilst using your organisation's premises or services. It does not usually cover injury to employees (covered through employer's liability insurance). This insurance is useful if you hold events that are open to the public whether on your own property or elsewhere.

### 3. Trustees Indemnity insurance

This type of insurance covers and personal liability that a trustee may have. This is particularly useful for unincorporated organisations with assets as those assets will be in the name of one of the trustees. Without indemnity cover, the trustees personal assets including their home could be at risk. Indemnity cover will also protect against maladministration of funds.



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#### **4. Contents insurance**

Trustees have a duty to protect charity property. This type of insurance covers contents of a building such as office furniture, equipment and cash that are subject to loss or damage under certain circumstances. Different policies will cover different levels of risk so you will need to pick one that suits your needs. Tip: consider the cost to replace any items that are lost or damaged, costs arising from theft and accidental damage.

#### **5. Buildings insurance**

If you own any buildings or property as an organisation, it is your responsibility to take out adequate buildings insurance. If you rent premises, you need to check the terms of your lease to see whether it is your responsibility or your landlord's to take out buildings insurance. It is sometimes the tenant's responsibility if there is a long-term lease agreement. This type of insurance covers the fabric and structures of a building or premises that your organisation might own or rent. If you are a tenant and your landlord is responsible for buildings insurance, ensure that your organisation is insured against any associated losses that you may face as a result of damage to the buildings.

#### **6. Event and appeals insurance**

If you host fundraising events such as fetes, shows and galas, you may need event and appeals insurance to cover loss or damage caused from cancelling an event due to bad weather. This type of insurance will be useful to organisations who rely on annual fundraisers for a large part of their income.

#### **7. Professional liability insurance**

This type of insurance covers staff members or volunteers who give out advice (whether free or not), should that advice be incorrect and lead to loss, injury, etc. When you're taking out this kind of insurance, you need to make sure that the insurer is made fully aware of all your organisation's activities.

#### **8. Motor insurance**

This type of insurance covers loss or damage to vehicles and third party injury suffered as a result of vehicles operated through your organisation. If staff or volunteers use their own vehicles for work purposes, your organisation should check that they have business use insurance on their own policy to cover for this purpose.

#### **9. Other types of insurance**

Fidelity insurance will cover for any losses incurred from fraud, dishonesty or mishandling of funds. Legal expenses insurance will cover the cost of any legal proceedings such as employment disputes.

#### **Choosing an insurance provider**

Get quotes from at least three insurance providers to ensure that you get the best deal. Your organisation's trustees or committee will need to decide on which company to purchase insurance from during the next board meeting.

#### **Reviewing your coverage**

As your organisation grows, you will need to review and amend your coverage to suit your activities. Depending on how quickly your organisation is growing, you may want to review your insurance cover quarterly or annually.



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