

CASE
INSURANCE

A GUIDE TO
INSURING YOUR
CHARITY OR
VOLUNTARY
ORGANISATION

Partners with:

BWB
Bates Wells Braithwaite



GUIDE TO INSURING YOUR CHARITY OR VOLUNTARY ORGANISATION

CaSE Insurance is a charity insurance specialist, part-owned by NCVO, charity lawyers Bates Wells Braithwaite and specialist charity underwriting agency aQmen Underwriting. CaSE Insurance have easy-to-access solutions, they are straight-forward to deal with, and are always available to provide you with clear, helpful advice if and when you need it.

They are signed up to NCVO's code of practice and are there to provide highly informed, unbiased advice on what you may and may not need, fully committed to ensuring that you avoid unnecessary costs. As a specialist insurer exclusively underwriting charity risks, they are ideally placed to help you strike the right balance between cover and cost.

Go to www.caseinsurance.co.uk, or email them at enquiries@caseinsurance.co.uk. Or if you need to discuss your needs for insurance or any aspect of cover, call them on 0333 800 9838. They'll be happy to help.

Talk to CaSE Insurance:

- Affinity schemes for federated structures and umbrella organisations
- Free review of your existing insurance arrangements
- Price Checker service
- Contract Review services
- Risk Management Templates and other services

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INTRODUCTION

A charity, like a business, 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. 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.



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A WONDERFUL
RESPONSE – AN
AMAZINGLY QUICK,
FRIENDLY AND
ATTENTIVE SERVICE.

GROVE NEIGHBOURHOOD
CENTRE



1. HOW INSURANCE WORKS

In 1688, ship owners in London got together in a coffee shop (called Lloyds) to see if they could find a way of reducing the impact of losing one of their ships or its cargo. They realised that by putting money into a common pool, they could as a group compensate an unlucky ship owner and lessen the individual financial impact of a loss. The basic principle of insurance is the same today: to manage their risks, many people pay relatively small amounts into a pool (a premium, usually managed by an insurance company), and out of which claims are paid to the unlucky few. It is the job of underwriters to price risks so that, in the aggregate over a period of time, the premiums of the many are sufficient to pay for the losses of the few.

When you arrange insurance, you are doing two things; 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 in such a way as to minimise their cost of capital to obtain either a preferential service and premium, or better cover, or both. So you will benefit by engaging actively in explaining your business.

You are also 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

There are many ways to approach risk management, and what suits you best will not suit another. But approaching it with a clear head and an objective mind always helps. Consider what you may lose or suffer (the event) and how likely it is that the event could materialise (the frequency).

Then consider the extent to which you can afford to bear that risk (the impact or severity).

Some risks are not insurable, either because they are contrary to the public good (for example, most fines and penalties), unquantifiable (therefore an underwriter cannot price the risk), too unusual (to the extent that no insurance market has yet to adapt to them), or simply 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 do so. Irrespective of insurance, however, risks require risk management, a process that should flow throughout your organisation. First, identify what risks reside in your business and report on them accurately, and then determine whether and how you can manage them (or indeed whether you have to avoid them altogether).

Charity trustees should understand their responsibilities for risk management. They should control this process and ensure that the board is committed to carrying it out carefully. The process we describe below is general enough to apply to most situations.

Each charity 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 the charity meeting its charitable objects?

What losses might create one-off costs which would stretch the charity's cash flow? What liabilities have the potential to damage the charity? In which circumstances might the help of an insurer in dealing with a problem help support the charity's defence?

Risk			Impact			Probability			Mitigation							
Item #	Category (A. Accounts / B. Business / C. Clients)	Nature of Risk	Impact			Probability			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?
			Current Rating	Change	Prior Rating	Current Rating	Change	Prior Rating								
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 2) Alternative premises identified and kept under review 3) Business Continuity Plan (BCP) in place.	Insurance review with CaSE Insurance. Surveyor has requested clean-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 resources adequate to meet demands 2) Alternative funding source identified and application likely to succeed.	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) Review protection of mobile client data. 2) Review DPA procedures. 3) Review Whistleblowing policy. 4) Review on-line security.	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	1) Staff use of personal vehicles can lead to loss on No Claims Bonus, Excess and increased premiums. 2) Review internal policy where staff required to use own vehicles.	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	

The identification of a risk is not an exact science; this risk register therefore includes perceived and actual risks. This document is reviewed regularly and updated as appropriate; risk assessment is a standing agenda item on our quarterly board meeting.

This can be carried out as a brainstorming exercise to get ideas and then a review exercise can be undertaken 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 impact on you less severe.

And get help from risk professionals – CaSE Insurance is always available to help clients identify risks and discuss possible solutions.

STAGE 2: SET UP A RISK REGISTER

Set up a simple spreadsheet much like the sample above. There are many more examples available from specialists, or on the internet; many are more complicated than this version.

CaSE Insurance can help by providing you with an initial template and discussing how you might wish to bespoke it to your own needs.

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 the charity could encounter and how the charity will react if any of them happen (including internal and external communication). The aim of the BCP is to keep the charity running smoothly if there is a problem. The BCP will be specific to the charity but should identify responsibility for the Business Continuity Plan and a crisis management hierarchy so it is clear who is in charge when the BCP is triggered.

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

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

Typically, this will involve 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 / on-line capability, and potential liabilities (including contractual liabilities).

STAGE 4: AGREE AN INSURANCE PURCHASING PLAN AND CHECKLIST

This will help you complete your risk register and can also be tied into your Business Continuity Plan so that key areas of both insured and uninsured risks are dealt with appropriately and contact details are included noting, for example, help lines for property claims and travel emergencies.

CaSE Insurance can provide you with a checklist that you can adapt to your own needs – see also the summary of key insurances in Section 3 below.

STAGE 5: REVIEW RISK AT BOARD LEVEL

The trustee board should have a regular 'risk review' on its agenda, including changes in charity direction or activity. This should involve carefully reviewing the risk register, business continuity plan and Insurance Checklist.

3. INSURANCE FOR CHARITIES AND VOLUNTARY ORGANISATIONS

CaSE Insurance offers specialist charity policies specifically designed for the sector. Uniquely, you get access to the same broad cover irrespective of whether you are a large or small charity or voluntary group, so you can be sure that basic failures are avoided (some policies fail to cover volunteers under the Employer's Liability insurance, specifically excluding any activity away from your premises; or fail to provide any relevant cover for charity shop stock, and so on).

BUY APPROPRIATE INSURANCE, AND BUILD GREAT INSURANCE RELATIONSHIPS

Put together a business description, which should set out the activities that will be insured and be as accurate as possible. Don't make it so specific as to run the risk of potentially excluding activities that are omitted. But equally, don't make it so vague as to let insurers' imagination run riot regarding what you may be doing!

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

Most insurance is not a commodity – work with your insurers and build a positive long-term relationship based on mutual trust. They need to get to know you and vice-versa. Staying with the same insurer can support your relationships with them, but equally they have to demonstrate that they are treating you fairly and delivering good value to you. Value won't always be the cheapest premium – but it's a good start!

CaSE Insurance delivers savings to its clients but CaSE can also provide free insurance reviews and price comparisons so that you can establish easily and quickly whether your current arrangements are indeed offering you value for money.

WHAT INSURANCE MUST YOU HAVE?

There are some insurances which are compulsory – they needn't be expensive, but you must have them:

Employers' Liability:

If you have staff that work for you full or part time, or volunteers working under your direction and control, then you must have Employers' Liability. 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 the office. Ensure that you are clear with insurers about levels of work undertaken which may be regarded as more prone to incidents – 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 breakdown waggeroll for the various categories 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 – members, associates, consultants and so on working under your direction or control – and you should try to provide both total numbers and also 'Full-Time Equivalent' numbers to ensure they are able to minimise your insurance costs.

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, legally you must insure them as a minimum for Road Traffic Act (RTA) liability in case a third party is injured or third party property is damaged. Typically, of course, 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, they may be liable to pay an excess under their policy or lose some or all of their no claims bonus.

CaSE Insurance can include cover for this under its policy so that your staff and volunteers don't lose out financially – speak to CaSE if you need more details on this.

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 compulsory insurance arrangements 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.

CaSE Insurance can be helpful to you in deciding which of these are most appropriate to your needs, and understanding the scope (and limitations) of insurance cover. As underwriters, they can also help you understand how to arrange these in a manner most economical to you, by explaining what the costs are which are associated with each element of insurance.

Talk to CaSE Insurance about the following:

MANAGING YOUR ORGANISATION – WHAT YOU REALLY SHOULD HAVE TO ENSURE A GOOD NIGHT'S SLEEP:

Trustee Indemnity (TI)

A good insurance policy will cover you for most if not all potential actions by stakeholders alleging wrongful acts by those responsible for the running and management of the 'business'. Stakeholders could include funders, commissioners, service users, and indeed regulators.

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. 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.

Sometimes cover is not purchased because the Trustees feel that they are protected by the Entity by means of a counter-indemnity but it should still be considered as appropriate in order to avoid the entity needing to use its funds for purposes of indemnifying its trustees. Some trustees still (wrongly) believe they are not permitted to use entity funds to buy this insurance, but the 2006 Charity Act permits a charity's Articles of Memorandum to be amended to allow for this.

There is no right or wrong Indemnity Limit, essentially you should elect for a Limit which makes the Trustees comfortable that they are taking reasonable precautions to protect the entity (and themselves). CaSE Insurance can help you by providing you with a Trustee Indemnity Buying Pattern – it can't tell you what the 'right' Limit is, but it can inform you about what Limit other organisations of a similar size are electing to purchase, so that you can be alerted to whether your decision needs to be reviewed.

A specialist Trustee Indemnity policy should also provide you with options to add cover for the following:

- Fidelity (theft by staff or volunteers)
Provides cover for loss of money (typically) from dishonest acts committed by employees and volunteers.
- Employment Practices Liability (liability arising out of breaches in employment law)

This is a common cause of claims and you should seriously consider including cover within your policy. It will cover you for claims arising for breaches in employment law – for example, wrongful or constructive dismissal, discrimination, harassment and stress-related conditions.

Legal Expenses

Rarely valued, but often used, Legal Expenses insurance provides a helpful service which normally incorporates 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. A key element of cover is the provision of initial advice in the early stages of employment-related changes which you plan to implement and where relevant, legal advice through the ensuing process if employment disputes arise. Most good policies will include protection against any ultimate tribunal award against you.

INTERACTING IN ANY WAY WITH THE PUBLIC – 'MUST-HAVE' DEFENCE AND PROTECTION AGAINST CLAIMS FOR INJURY OR DAMAGE

Public and Products Liability

You really should have this cover from the first moment that your organisation starts to become active or takes up premises. The policy provides cover for claims made against you by third parties which arise from damage to their property or injury you have caused to them. Products Liability covers you if a product you sell or supply causes the injury or damage, and is normally an automatic (and typically, free) extension to the Public Liability policy.

Do make sure you are buying a specialist policy which fully recognises the unique needs of the sector in general and your organisation in particular. There is no substitute for getting good advice from a specialist insurer.

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

- breaches of Data Protection legislation
- unintentional libel or slander
- abuse and molestation
- '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

...all increasingly important in today's world.

Make sure that the insurer fully understands what you do, and how you raise funds and deliver your services – they should include this in your business description and 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.

Talk to CaSE Insurance about this very important, and often poorly arranged, cover.

GETTING YOUR PEOPLE OUT AND ABOUT

Business Travel

This can be insured by the charity and is useful if several trips are planned during the year. Travel Insurance is easily arranged but beware of two very important issues:

- Travel risk is not really about whether someone misses their flight or loses their luggage – that is travel 'inconvenience'. Travel risk is the potentially ruinous cost of medical repatriation in the event of serious illness overseas. Or the need for specialist help and the costs associated with negotiating release following a kidnap and ransom demand.

So be sceptical if an employee or volunteer is travelling using a personal travel policy bought cheaply or on-line without proper advice.

- Most insurance policies will not provide cover automatically for travel where the Foreign & Commonwealth Office advises against visits. You should always check the FCO website before allowing someone to travel at your risk.

You should have a generic Risk Assessment which you complete regarding the general subject of travel by your trustees, employees and volunteers. You should also create territory-specific assessments if travel becomes necessary to areas where the Foreign & Commonwealth Office advises against visits. Ask CaSE Insurance to supply you with some templates for travel risk assessments.



A GREAT SERVICE
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OUR NEEDS. A VERY
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HEALTHWATCH DERBY



PROVIDING SERVICES

Professional Indemnity

Professional Indemnity 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 with professional, advisory, design, counselling, and sign-posting and other services 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.

One word of caution. Most professional Indemnity policies provided to charities and social enterprises do not envisage covering the professional (regulated) advice of certain professionals 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. So if you do provide any regulated professional services, you may need a specialist (and often expensive) separate policy.

Medical Malpractice

This can be an expensive and very specialist insurance. It will typically cover you for the provision of services by qualified doctors, nurses, psychiatrists and similar or allied professions. Because of its cost, do ensure you are dealing with an insurer who can properly advise you – and help you to consider whether other insurances should be investigated (for example, any insurance arranged personally by the professional(s) involved in providing the treatment services).

Wherever possible, think about the extent to which your Public Liability policy can meet your needs under its 'care and treatment' provisions of cover.

Talk to CaSE Insurance if you are in any doubt about these important – and often complicated – areas of cover.

ORGANISING OR ATTENDING EVENTS AND EXHIBITIONS

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

You should be able to include cover for Public and Products Liability within your general annual insurance arrangements, but sometimes a specific event may fall outside the scope of that policy, or require some enhanced cover.

More likely, you will need to insure some property for which you become responsible on a temporary basis – marquees, staging, lighting and so on – and you may need to arrange cover for cash fundraising. In particular, think about the potential financial impact of an event being cancelled, or cut short.

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.

“ CASE ARE VERY APPROACHABLE AND EASY TO DO BUSINESS WITH. THAT'S WHY WE INVITED THEM TO BECOME A CORPORATE PARTNER OF THE ASSOCIATION.

ASSOCIATION OF CHARITABLE ORGANISATIONS

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PROTECTING YOUR PHYSICAL ASSETS

Loss or Damage to your Property, Goods and Money

Property insurance is the easy bit! It simply means:

- 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?

After that, it gets a little bit more complicated ...

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. Up-date 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). Should you insure against risks of terrorism and civil unrest? Certainly, if you are located in a key city centre, or adjacent to a site with potential exposure to such risks, then you should consider this as an extension to your property insurance.

Check that you comply with your policy requirements, especially those concerning security (locks, alarms and the like).

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 (which may mean

insuring it as a Business Interruption item – see below). You will also be able to insure your on-going rent obligations if your lease makes you responsible for paying rent even where the premises are lost or damaged. Where you are exposed to potential financial loss as a result of you losing rental income (for example, where you sub-let), then this will be a Business Interruption item. 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 lap tops and exhibition equipment, check that these are properly declared and covered on an 'all risks' basis – and for the appropriate territories if being taken overseas.

And don't forget ...

- Goods in Transit (covers goods which you transport, send or receive)
- Money – covers cash in safe 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).

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, 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 (whether that be for a bar license, care or residential permissions, or other permit key to your business).

PROTECTING YOUR EXPOSURE TO ON-LINE RISKS AND DATA PROTECTION

Cyber Liability

There is a well-founded fear of malicious hacking. This is very much in the news and insurance has developed to meet the needs of organisations whose trading income can be severely affected by loss or impairment of on-line connectivity and effective sales completions. Many charities are encouraged to consider this cover but, we suggest, often without being fully aware of the cover they may already have within their other policies (if properly constructed).

We would suggest that for many organisations, the first priority for spending money should be to evidence a properly considered Business Continuity Plan with well-constructed references to technology use and loss of data. In addition, consider on-line exposures within social media where the general public may be able to

easily access sites on which your organisation either hosts or contributes to forums and discussions and where you may become linked to or associated with potential claims alleging libel or slander, or infringement of copyright, or breaches in data protection legislation. Review your insurances and make sure in particular that

- Your Trustee Indemnity Policy, Public Liability Policy, and your Professional Indemnity Policy should all be well-constructed specialist, fit for purpose documents which protect you for many of the on-line exposures you may face – and at little or no extra cost!

Talk to CaSE Insurance about these risks and their solutions which vary from free in-built automatic cover through to separate free-standing policies where cover is required against more aggressive or malicious risks.

FREQUENTLY ASKED QUESTIONS

WHAT OTHER RISKS AND INSURANCES SHOULD I CONSIDER?

There are too many to list but should consider environmental risks (e.g pollution, asbestos etc) and transactional risks such as Defective Title, Covenants, Unkown Rights and the like. You should also think about the many property risks that exist; capital additions, glass, tenants improvements, computers, artworks, mobile property, vacant premises and much more...

WHAT MINIMUM INSURANCE DO I NEED AS A START-UP CHARITY?

CaSE Insurance recommends that any start-up should consider Public Liability Indemnity Insurance to be a minimum requirement. If you have any employees or volunteers, Employers Liability is also necessary. For most start-ups, this can cost as little as £131 and if your budget allows you might like to consider adding Trustee Indemnity cover (and Professional Indemnity if you are providing advisory services). The unique menu-driven approach to CaSE Insurance's broad range of covers makes it easy to bolt on additional requirements as they arise – for example, equipment purchases.

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

A charity policy wording should normally allow this activity 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?

Trustee Indemnity covers the charity and its directors and officers, as well as the trustees. Trustee Indemnity claims are very rare but when they happen, the insurer will usually take over the problem, leaving all concerned to get on with business. It is not a mandatory requirement but it is relatively inexpensive and gives trustees reassurance.

It can be a useful (indeed often a necessary tool) in helping to attract high-calibre trustee applications.

HOW DO WE INSURE STAFF AND VOLUNTEERS WORKING ABROAD?

A specialist charity 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.

ARE FUNDRAISING GROUPS OPERATING ON OUR BEHALF COVERED BY THE CHARITY'S INSURANCE?

An insurer will typically want to know who they are insuring, and your policy schedule will always identify the organisations being insured. You should therefore assume that independent fundraising groups are not included. Insurers typically do not insure groups operating independently of the charity, nor do they provide blanket cover. A sensible option is to get groups to sign an agreement identifying what activities they are permitted to undertake and giving them instructions regarding things such as risk assessments. Then talk to CaSE Insurance about the best way to insure them – often, they can be insured under your policy avoiding the need for expensive separate insurances.

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. This is not perhaps best practice in that it requires the volunteer to pursue a confrontational claim against you which could be avoided under an Employers Liability claim.

- Employers Liability 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 the charity, the court might reasonably decide volunteers working under the organisation's direction are considered employees under the terms of the Employers Liability Act
- Employers' Liability is relatively inexpensive

HOW DO I MAKE A CLAIM?

Instructions are always included in your insurance policy, which should have been sent to you. But if you are in doubt, always contact whoever sold you the insurance. It is always a good idea to make a comprehensive photographic record of any damage, and to 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. Some clients worry that, by notifying a matter which doesn't become an insured claim, they may still be penalised through increased premiums.

This should not be the case – talk to your insurer if you are ever in doubt. CaSE Insurance always encourages its clients to communicate any concerns or problems they may have as soon as they come to light.

TOP TIPS FOR BUYING INSURANCE

BE OPEN AND HONEST WITH YOUR INSURANCE PROVIDER

An insurer cannot possibly ask enough questions about your insurance needs, and relies on you to disclose any material facts. The question, of course, is: what is a material fact? So be as open as possible with your insurer – put yourself in their place and try to tell them about the risks that concern you and how you deal with them. If they are specialists, they should be equally open and offer you advice on how to reduce risk and premiums.

PLAY FAIR

As a charity you should buy fairly. If you ask someone to quote for your insurance and they come in with the right cover at a competitive price, simply handing over their price to your incumbent insurer and driving them to match a competitor's price is unfair and in the long run may lead to reputational damage for your organisation. And you also might like to ask your insurer why they haven't treated you fairly by offering you their best price from the outset!

'SELL' YOUR RISK MANAGEMENT

Make sure your broker or insurer understands how you minimise risk, as that will help them get you the best possible premium. If the insurer is convinced that you are managing a risk well, they will typically charge a lower premium or offer cover that they would otherwise withhold.

SPECIALIST INSURERS ARE GOOD

NCVO is a founding partner of CaSE Insurance and you can feel confident that you will get good advice and a broad specialist insurance policy at a fair price. Where possible, try to package your various insurances together – it will minimise your premium costs and avoid unwanted inter-insurer disputes if a claim has the potential to affect more than one type of insurance. If you are one of a group of similar organisations, check to see if there is a group insurance scheme that will give you the cover you need, e.g. parent teacher associations (PTAs) should look at PTA UK (www.pta.org.uk). A scheme is often the best option in terms of both cover and price as it gives the benefits of bulk buying, and someone will have considered the relevant issues.

SPECIALIST CHARITY SOLUTIONS WORK WELL

Always look for a specialist charity policy. Typically this will have a combined charity insurance policy, which gives the benefit of having everything in one place. Try and work with a specialist charity broker who understands the requirements of the sector, or look for a specialist charity insurer or underwriting agency.

DO LESS

Some charities believe they are required to undertake annual tenders for their insurance and that they should get at least three quotes. In fact, there can be a benefit in having the continuity of the same insurance; reviewing your cover every three years is reasonable. Specialist brokers can advise on your cover and get alternative quotes from the insurance market.

TAKE ACTION AFTER A CLAIM

If you have had a claim and are looking to avoid paying much more at each renewal for the next five years, make sure you take action to avoid the problem happening again. If there was a break-in that led to a major theft of computers for instance, insurers will be much more understanding if you tell them you have, for example, barred the outside of the window that was smashed, added a new centrally monitored alarm system to the building, added movement sensitive lighting, completely re-planned your data backup process etc.

MORE INSURANCE PRINCIPLES AND TERMINOLOGY

CLAIMS MADE V CLAIMS OCCURRING

Some types of insurance are normally provided on an 'occurrence' basis: the insurance policy that will respond to a claim is the one that was in place when the incident occurred. An example is Employers Liability Insurance and Public Liability insurance is also typically on this basis (although certain aspects of it may be on a Claims Made basis).

If cover is on a 'claims made' basis, the policy that will respond is the one in place when the claim is made. Professional Indemnity is almost always on this basis, and increasing specialist cover under the Public Liability (such as Abuse and Care & Treatment cover) is provided on a Claims Made basis.

Ask CaSE Insurance to provide you with their BriefCaSE paper on "Claims Made" vs "Occurrence".

AVERAGE

A basic principle of insurance is that you should pay a premium commensurate with the total value you have at risk. As a result, if at the point of a claim it is found that you have not declared the total value to your insurers, they may apply what is called 'average' and reduce your claim in proportion to that under-insurance. For example:

- The actual total replacement cost of all Contents at your premises is £100,000
- You declare to your insurers that the total replacement cost of all Contents at your premises is £80,000
- You present a claim for £10,000 for damaged contents
- Applying the principle of average, Insurers would pay you $(£80,000 / £100,000) = 80\% \times £10,000 = £8,000$

BROKERS, INSURERS AND UNDERWRITING AGENCIES

An insurance broker's main role is to understand the risks facing its client and to help explain those risks to an insurer. They should help the client understand the insurer's offer and decide what insurance is purchased. The broker will typically approach a number of insurers and then recommend the solution which, in their professional opinion, is best for the client. The broker is, at all times, acting as agent for the client. The broker will be remunerated either by way of commission (from the insurer) or a fee (from you), or sometimes by a combination of both. You have the right, under current codes of practice, to ask the broker for details of their remuneration.

The insurer is the organisation that actually provides the insurance. You can deal directly with some insurers but you lose the benefit of the broker's advice. The insurer is remunerated by the underwriting profit it generates (the total of all its premiums less the cost of all its claims and all its administrative and other expenses).

There is a hybrid organisation called a Managing General Agency – effectively an underwriting agency (and CaSE Insurance is such an organisation) that carries out a dual role for both the Insurer (by means of authority delegated to it by the insurer) and the client, under very clearly-defined rules. This gives you direct access to a decision-maker, with extensive specialist sector and product knowledge, but of course an MGA will typically only offer you one or at most a limited number of specialist products. Some MGAs do also act as a broker in approaching other insurers.



CASE WERE VERY EASY TO DEAL WITH AND SEEMED TO UNDERSTAND THE NEEDS OF SMALL ARTS CHARITIES LIKE OURS. WE HAVE BEEN VERY HAPPY WITH THEIR SERVICE AND PROVISION SO FAR.

ARTWORKS IN TEESDALE



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