

# GUIDE TO CHARITY INSURANCE

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What insurance does your charity need?

Public liability insurance

Employers liability insurance

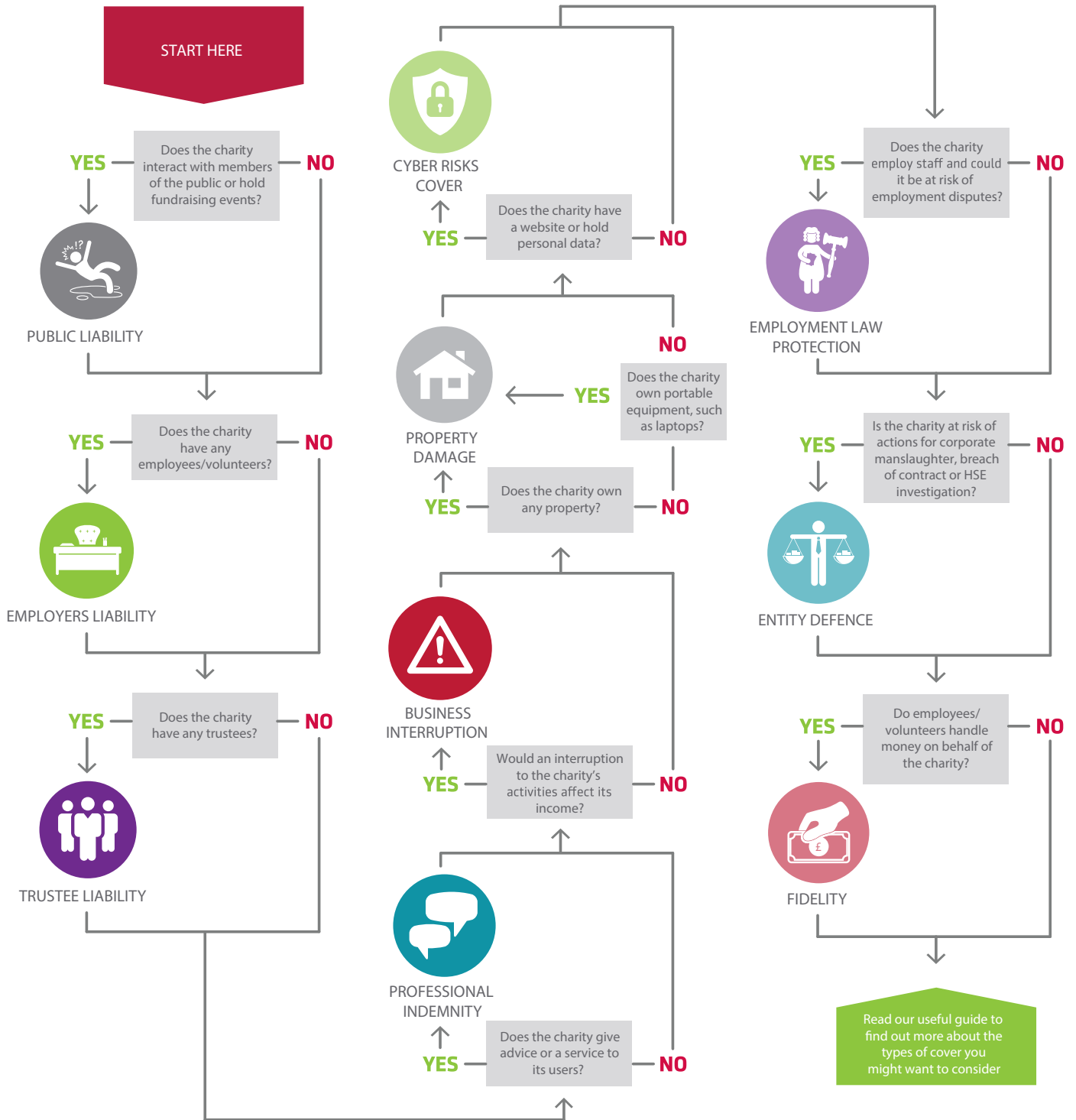
Trustee liability insurance

Professional indemnity insurance

Other covers to consider



# WHAT INSURANCE DOES YOUR CHARITY NEED?





# PUBLIC LIABILITY INSURANCE

## WHAT IS PUBLIC LIABILITY INSURANCE?

Public liability covers you for:

- Legal costs and expenses in defence of a claim
- Damages and compensation awarded against you

In the event of:

- Alleged injury to a third party
- Third party property damage



## WHY IS PUBLIC LIABILITY INSURANCE IMPORTANT FOR CHARITIES?

In our increasingly litigious society, public liability insurance is an absolute necessity for charitable bodies and social organisations that come into contact with the public. That's because there are a large number of 'wrongful acts' that can lead to a claim being made against you, ranging from a visitor to your premises tripping on a rug to damage you cause to third party property.

Naturally, these may sound like trivial acts; but the truth is that even mild bruising caused by slips, trips and falls can lead to a soft tissue injury compensation claim. Depending on the severity, this could cost around £2,000 plus legal fees that can typically add another £5,000 to your costs; unless of course you have the right public liability insurance in place.

Any charity putting on a fundraising event should ensure that they have two essential covers: public liability insurance and employer's liability insurance. The former will cover you for any allegations of accident or illness to members of a third party; employer's liability insurance will do the same, but for employees and volunteers. These covers protect you against anything from a bruise to a more severe injury.

## WHAT CAN GO WRONG?

Public liability insurance would protect your organisation in the following scenarios:



### Third party damage

The charity erected a marquee and as a temporary measure pegged the marquee down with only one peg. A gust of wind lifted the marquee and blew it onto two vehicles which sustained scratches to their roofs. The charity was held responsible as they had not secured the marquee adequately.



### Injury to third party

A child broke an ankle during a charity treasure hunt in the gardens of the charity premises. The child's foot had gone down a pothole in the ground which the client had not identified when inspecting the course prior to the event.



# EMPLOYERS LIABILITY INSURANCE

## WHAT IS EMPLOYERS LIABILITY INSURANCE?

Employers liability covers you for:

- Legal costs and expenses in defence of a claim
- Damages and compensation awarded against you

In the event of:

- Alleged injury to an employee or volunteer

It is a legal requirement to have a minimum of £5m cover. Failure to obtain appropriate cover can result in a fine of £2,500 for every day you are not insured.



## WHY IS EMPLOYERS LIABILITY INSURANCE IMPORTANT FOR CHARITIES?

Employers liability claims are extremely commonplace, in no small part due to the litigious society in which we live today. If employers liability cover did not exist, your organisation would have no option other than to fund the full cost of claims itself. This could include payments for damages and legal costs and the costs of obtaining your own legal representation.

Claims are wide-ranging. They can and do arise from ex and current employees and volunteers.

They can be brought due to a wide range of physical and psychological injuries sustained during the course of employment.

Such claims should never be taken lightly or disregarded. Even a minor injury can cost several thousand pounds to deal with, while a more serious injury or illness can easily lead to claims in the tens or hundreds of thousands of pounds.

## WHAT CAN GO WRONG?

Employers liability insurance would protect your organisation in the following scenarios:



### Volunteer back injury

A volunteer brought a claim against the charity alleging unsafe working practices as a result of receiving an electric shock and subsequent injuries whilst untangling Christmas lights in preparation for a Christmas fundraising event.



### Employee slipped on driveway

An employee was walking on the drive at the front of the insured's property and slipped landing on her hand and knee. The employee's lawyers alleged that the driveway was covered in moss and very slippery as a result.



# TRUSTEE LIABILITY INSURANCE

## WHAT IS TRUSTEE LIABILITY INSURANCE?

Trustee liability covers you for:

- Legal costs and expenses in defence of a claim
- Damages and compensation awarded against you

In the event of:

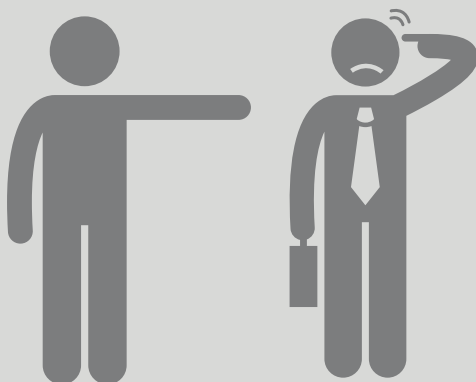
- A claim against a governor, director, council member, officer or trustee of an organisation.

## WHY IS TRUSTEE LIABILITY INSURANCE IMPORTANT FOR CHARITIES?

Reputable and committed trustees are vitally important to charities. However, it is important to recognise that trustees of even very small charities bear considerable responsibility both for their actions and the actions of the organisation they represent.

Making an incorrect decision on a seemingly minor issue can put them at risk of compensation claims, legal action or official investigations being directed towards them personally.

These claims can be financially crippling to defend, which is why trustee indemnity insurance is so important. The most important thing to remember is that without trustee indemnity insurance in place, the trustee themselves may have to pay the costs to defend the claim out of their own personal wealth – which could be financially devastating.



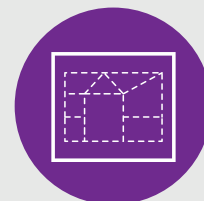
## WHAT CAN GO WRONG?

Trustee liability insurance would protect your organisation in the following scenarios:



### Alleged defamation

Following publication of an article, the charity trustees were sued for defamation by another charity with similar objectives. The claimant stated that certain statements made in the article were untrue and gave a false representation of the charity.



### Claim for alleged trespass

A neighbouring landowner to the charity claimed that recent construction carried out by the charity infringed on their property. The charity claimed their documents showed that the previous owner passed the land over to them, whereas the claimant argued that the land never legally belonged to the previous owner. Trustees were responsible for damages and for restoring the land to its former condition.



# PROFESSIONAL INDEMNITY INSURANCE

## WHAT IS PROFESSIONAL INDEMNITY INSURANCE?

Professional indemnity covers you for:

- Legal costs and expenses in defence of a claim
- Damages and compensation awarded against you

In the event of:

- An allegation of providing incorrect advice or negligent services



## WHY IS PROFESSIONAL INDEMNITY INSURANCE IMPORTANT FOR CHARITIES?

Regardless of how many years experience your organisation may have, there is always the possibility you (or one of your team) could make a mistake.

Professional indemnity insurance covers against a wide range of scenarios, including:

- Professional negligence (i.e. providing incorrect advice)
- Loss of documents or data
- Unintentional breach of copyright and/or confidentiality
- Defamation and libel
- Loss of goods or money (your own or for which you are responsible)

No matter how large or small your organisation is, without PI cover your financial position could be left vulnerable if a claim is brought against you. Although most organisations strive to provide the best service possible, people do make mistakes; knowing that adequate insurance is in place will give you peace of mind that you are prepared.

## WHAT CAN GO WRONG?

Professional indemnity insurance would protect your organisation in the following scenarios:



### Breach of professional duty

A care charity employed an agency worker to fill a gap in their staff without checking that the agency had provided appropriate training. The agency worker negligently injured a service user leading to a claim against the charity for breach of professional duty.



### Negligent completion of benefit form

When a housing benefit application was refused on the grounds of an incorrectly completed form, a claim ensued against a community centre employee who had helped the service user to complete the application.



## OTHER COVERS TO CONSIDER

### FIDELITY

Fidelity covers you for:

- Loss of money or goods

In the event of:

- Fraudulent acts of employees
- Computer fraud or fraudulent transfer instructions by third parties

Fidelity insurance would protect your organisation in the following scenario:

**Volunteer theft**

A volunteer stole cash donations following 'tin shakes' which was entrusted to them to take home prior to banking at the end of each week. The volunteer deposited only a small amount of what had been raised and recorded and had worked for the charity for almost ten years.



### ENTITY DEFENCE

Entity defence covers you for:

- Legal costs and expenses

In the event of:

- Corporate manslaughter
- Breach of contract
- HSe investigation

Entity defence insurance would protect your organisation in the following scenario:

**Breach of Environmental Protection Act 1990**

A charity providing care to young people were served a noise abatement order following complaints by neighbours of loud music and noise disturbance which was in breach of the Environmental Protection Act 1990. As a result of the noise abatement notice, Ofsted also investigated the charity with a view of further enforcing the order.



### Need Help?

If you have any queries in relation to this guide, please contact us and we will be happy to help you:

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