

Factsheet 4: Insurance

All organisations need to consider how they manage risk. Charity trustees have a duty **to manage their charity's resources responsibly**. They must avoid exposing their charity's assets, beneficiaries or reputation to undue risk. Insurance can be an appropriate way of protecting against any loss, damage or liability arising from some of these risks.

This factsheet is a short guide to insurance for voluntary and community groups in Greater Manchester. It should be seen alongside the guidance set out by the Charity Commission and professional, independent advice where appropriate (including advice from professional insurance bodies).

Risks and legal responsibility

It is up to your management committee, board, or trustees to identify and manage risks for your organisation, as well as understand their own legal obligations because there are certain types of activity where insurance is required by law. Your trustees, for example 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.

Finding the right type of insurance will depend on the size of your organisation, type of work, where the work is carried out, number of staff or volunteers, etc. The Charity Commission website offers detailed guidance on the legal requirements relating to insurance in [leaflet CC49](#). Trustees can also find detailed advice on risk management in [leaflet CC26](#).

Legal requirements

There are many different 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.

- **Employers' liability insurance** – This type of insurance covers claims for injury or disease suffered whilst carrying out work duties for anyone contracted by your organisation. It doesn't always cover volunteers, visitors, management committee or self-employed people working for the organisation, so you might also need public or professional liability insurances – check what is specifically covered in each case with your insurer. Your employer's liability insurance should cover a minimum of £5 million and the certificate must be prominently displayed in the workplace. You must buy this type of insurance from an authorised insurer. A list (or register) of these insurers is available from the Financial Conduct Authority.

- **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 adequate insurance cover for this purpose. You may also want to consider fire and theft or comprehensive insurance and reimburse staff in their mileage rates to cover the cost of the appropriate insurance, though this is not a legal duty.

Other types of insurance

Although the following types of insurance are not a legal duty, trustees should consider the level of risk involved in your work and it is highly recommended that your organisation takes out the appropriate level of insurance as part of its risk management strategy.

- **Public liability insurance** – If your organisation owns or occupies land or buildings that are open to members of the public or volunteers, this type of insurance is strongly recommended. 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) and for the use of volunteers. The health, safety and wellbeing of volunteers should be protected if they are exposed to the same risks as paid staff. Always check the insurance policies carefully in relation to volunteers to see what they do and don't cover.
- **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.
- **Contents insurance** – Strongly recommended, though not legally required. 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

Key Words

Incorporated organisation – a separate organisation or business with its own legal identity

Unincorporated association – a group of individuals coming together to achieve specific aims within the community. At this point your organisation has no separate legal identity

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.

- **Event and appeals insurance** – Loss or damage caused from cancelling an event due to bad weather or for fundraising events or appeals. For events generally, you should consider public Liability insurance. More information is on the Charity Commission’s website [leaflet CC20](#).
- **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 of your organisation's activities.

There are a host of other types of insurance that you might want to consider, such as fidelity insurance, legal expenses insurance, trustee indemnity insurance, loss of revenue, etc. It is best to have a look at the [Charity Commission guidance](#) for more information on these.

Getting your insurance

Your management committee or board of trustees must also decide what types of insurance and policy to buy on behalf of your organisation. They should consider the level of risk for particular activities, the costs involved, and take professional advice if necessary. In some cases your organisation may be able to collaborate with another organisation to purchase insurance cover.

Insurance cover can be bought directly from an insurance company or an insurance broker. An insurance broker offers independent, professional advice and sells policies from a range of insurance companies. Insurance brokers may receive commission from insurance companies, but they are also registered with and regulated by the Financial Services Authority. Trustees are able to choose an insurance broker with specialist knowledge of charities’ insurance and that uses a range of appropriate insurance companies if they require it.

Whilst incorporated organisations can take out insurance in the name of the organisation, smaller groups (unincorporated organisations) will need to nominate an individual trustee to take out the policy on behalf of the other committee members. If that person leaves, the insurance must be transferred to someone else’s name.

Where to go to find sector friendly insurance companies:

- Zurich Insurance is NCVO’s trusted supplier:
www.knowhownonprofit.org/organisation/operations/insurance

Some organisations have developed insurance services for the voluntary and community sector, such as CaSE Insurance: www.caseinsurance.co.uk/charity, Ladbroke Insurance: www.ladbroke.co.uk, Access Insurance: www.accessinsurance.co.uk

Further guidance on insurance from the Charity Commission:

Charities and insurance (leaflet CC49): www.gov.uk/government/publications/charities-and-insurance-cc49

Charities and risk management (leaflet CC26):

www.gov.uk/government/publications/charities-and-risk-management-cc26

Charities and fundraising (leaflet CC20): www.gov.uk/government/publications/charities-and-fundraising-cc20

Professional bodies and further information:

The Chartered Insurance Institute: www.cii.co.uk

British Insurance and Investment Brokers Association: www.biba.org.uk

Companies House (for responsibilities of directors and company secretaries):

www.companieshouse.gov.uk

Updated: March 2019