

# PROVIDING INSURANCE FOR CHARITIES AND THEIR TRUSTEES

Advice and support to protect your interests

NWBIB has an established reputation for finding insurance solutions for Charities and their Trustees. This reputation is based upon a detailed understanding of the special risks faced by businesses and bodies operating in the Charity sector.

For many years, we have acted as insurance advisors to a number of charities and their trustees nationally and have received many recommendations from our existing clients, advisors and business partners including:

- Registered Charities
- Trustees of Charities and Associations
- Independent Schools#Cambridge University Colleges
- As 'back up' to services provided by legal workplace consultants

No risk is too large or too small for us to manage and we pride ourselves on being knowledgeable and experienced, delivering the highest quality service to your Charity. Our motto is 'Putting the client first'.

Whilst we specialise in providing commercial insurance and risk management services for many established charities we are also expert providers of property and liability solutions to new charities.



As a specialist broker we understand the complex risks charities face and we will:

- undertake a full confidential appraisal of all your needs and design a bespoke insurance portfolio with appropriate risk management advice to provide the best protection for your charity
- with our expert advice provide a personal service and a dedicated point of contact
- only select leading insurers which have a specific understanding of charities
- negotiate hard on your behalf with experienced underwriters to ensure you get the best cover at competitive market rates

Our professional broking is also backed up with a first class claims handling service, including the ability with some insurers, to settle client claims immediately through a delegated claims handling authority.

## Charity Trustees and their Responsibilities

A charity requires a board of trustees to take on the responsibility of directing the charity's affairs efficiently, to ensure that the charity remains solvent and to achieve the objectives of the charity.

Charities are subject to numerous rules and regulations and therefore, trustees must be aware of these requirements and must ensure that the charity complies with these.

These include compliance with:

- relevant company law - for example, for companies that also fall within the Charities Act 2006
- employment law - for charities that employ staff which may also include unpaid volunteers
- legislation concerning racial and other forms of harassment and discrimination
- legislation protecting vulnerable individuals

They are required to exercise reasonable care and skill when making and carrying out decisions, allowing for any special knowledge or experience they may have, particularly when acting in the course of a business or profession. Individual trustees place their personal assets at risk if an allegation is made due to a failure to use reasonable care in executing their duties unless they have insurance in place to 'step in' to protect them.

---

## Trustee Liability insurance

Trustee Liability insurance provides protection for claims against the governors, directors, council members, officers or trustees of the charity, employees and volunteers for mistakes in the management and administration of the charity and for damage or loss of documents. Cover can be extended to include Professional Indemnity Insurance for claims arising from errors in the performance or provision of services or advice.

## Professional Indemnity insurance

Some charities provide a professional service (such as counselling or training), advice or information particularly where the advice is complex or potentially litigious. It is therefore advisable to protect the charity against claims where it could be legally liable for loss, injury or damage after a service has been provided or as a result of advice or using the information which is given.

Cover can include:

- Legal costs for allegations of breach of Health & Safety legislation including Corporate Manslaughter
  - Legal costs of representation at an investigation - e.g. The Charities Commission
  - Legal costs for allegations of fraud and dishonesty
  - Legal costs for allegations of breach of Health & Safety legislation including Corporate Manslaughter
  - 'Run off' protection for retired trustees
- 

## Attracting new trustees

The main difference between Charity Trustee Indemnity Insurance and other types of insurance is that this type of policy protects the individual trustee rather than the charity itself. For this reason, Trustee Indemnity Insurance is regarded as a personal benefit needing approval by a proper legal authority before the Charity can purchase.

The Charities Act 2006 provided trustees with legal authority to purchase Trustee Liability Insurance. This cover may assist a charity in attracting new trustees who may have been concerned about the potential personal liabilities without such insurance protection. Section 39 of the Act allows trustees to pay for Trustee Indemnity Insurance out of the funds of the charity providing that they are satisfied

the arrangement is in the best interests of the charity. This is allowed unless the charity's governing document specifically forbids it.

---

## Abuse – are you adequately covered?

Recent high profile examples in the media have highlighted the exposure that can be faced by today's management team for the actions which others took decades ago. Many charities are unaware of the serious limitations in their insurance protection in an area which attracts significant public attention. A number of insurers significantly limit the extent of cover they are prepared to provide.

We consider this to be such an important consideration that it forms a significant part of our insurance discussions, offering alternative options from insurers that specialise in the charity sector and offer 'abuse' cover to a suitable limit of indemnity (typically £5m or £10m) which also operates for any number of individual claims made. Many insurers seek to restrict cover to a lower aggregated limit.

---

## CRB checks for volunteers\*

CRB checks are an important part of your Risk Management. Your charity may legally be required to carry out these checks that are free for volunteers. Volunteers who work with vulnerable adults and children are sometimes required to have a CRB check.

Charity trustees who need to be checked are:

- Governors of Independent Schools.
- Trustees of Children's Charities where normal duties involve regular contact with people under the age of 18.
- Trustees of charities that work with vulnerable persons and which personally provide care to those

## Managing Risk

We provide comprehensive and competitive insurance solutions to protect our clients that include:

### Liabilities

- Employers Liability Insurance – a statutory requirement
- Public Liability Insurance
- Products Liability Insurance
- Trustee Liability Insurance including Corporate Manslaughter protection
- Pension Trustee Liability Insurance
- Professional Indemnity Insurance
- Employment Law Protection

### Key Persons

- What would happen in the event of the death or long term incapacity of critical individuals?
- Death of a patron – cover can be provided to pay you in the event of the death or an immoral act of your patron.

### Business Assets

- Protection of tangible assets, stock and records.
- Bequeathed property – interim cover for charities which are left properties and valuable items by a supporter.

### Revenue

- Business continuity cover, protecting your income in the event of a claim.
- Fidelity – insurance against loss of money or goods resulting from the dishonesty of employees and volunteers.

### Personal Accident Assault

- Cover for employees or volunteers (aged 80 years or less) who are assaulted whilst collecting donations.

\* Source: Charity Briefing Summer 2008, Hewitsons LLP.

## Other Considerations:

Cover for fundraising activities that include:

- Sale of second-hand goods
- Preparation and sale of food
- Events
- Visits and outings
- Bouncy Castles
- Parades and charity walks
- Bonfires and firework displays
- Management of risk & risk assessments
- Buildings valuation for insurance purposes

### Contact

For more information please contact us on:

**t** 01223 720310

**e** [charities@nwbib.co.uk](mailto:charities@nwbib.co.uk)

**w** [www.nwbib.co.uk](http://www.nwbib.co.uk)

NWBIB  
The Boardwalk  
Cambridge Research Park  
Cambridge CB25 9PD