

Protecting your charity or business in a compensation culture

Understanding Liability Insurance



Defending a claim can be stressful and expensive, even if you are found not to have been at fault. If you were to lose, the cost of subsequent damages awarded could seriously affect your charity, not for profit organisation or business.

In an increasingly litigious society in which you work, it is really important to fully understand the complex liability exposure that your organisation could face.

This area of insurance often gets underestimated, but can generate some of the most damaging losses. Unfortunately it is often only at the claims stage that organisations may find out that there is a gap in cover or that their policy wording is not as inclusive as it should be.

What could you be liable for?

Your organisation could be liable for compensation claims following fault or negligence of your employees, volunteers or trustees no matter how minor or genuine the mistake is. The claims that arise could range from injuries or accidents through to complex specialist risks such as an allegation of abuse or malpractice – a particular issue for anyone working with children or young people.

Liability claims could be brought against your organisation by employees, clients, customers or members of the public.

Examples where you may face negligence claims

- If children doing car washing to raise funds damage someone's car by accident.
- A child cuts their finger on a fan by sticking it through a gap in the fan's guarding.
- When advising on benefits people are entitled to and inadvertently giving incorrect advice, causing them to lose out financially directly or indirectly.

Liability insurance can cover the cost of compensation to a third party for personal injury, loss of or damage to property, consequential financial loss, and often the legal expenses of defending a claim.

What liability cover might you need?

Here at Unity Insurance Services we suggest that you start by asking yourself the following questions in order to decide what liability cover your organisation may need.

Do you interact with the public?

If you interact with the public, either individuals or other organisations, [Public Liability Insurance](#) will cover the cost of compensation to third parties for death, injury or damage to property caused by the negligence of your staff, volunteers or members. If you work with young people, you should also check that your public liability insurance includes allegations over abuse. If your activities involve first aid you can include a treatment extension in your policy to cover physical harm caused from your negligence.

How essential is Public Liability cover?

While Public Liability Insurance is not a legal requirement, people are increasingly encouraged to seek compensation if there is a problem. A lawsuit can be expensive, even if you are found to not have been negligent. The cost of defence and subsequent damages awarded could seriously damage your financial situation. We recommend every organisation has Public Liability cover.

Many situations require you to have Public Liability Insurance, such as, to qualify for grant funding or where you are providing public services. It is often a requirement if you want to lease, hire or use other premises for your charity work.

Some charity bodies extend their insurance cover to include their member organisations, so you may already have some cover. For example, the Scouts Public Liability policy is extended to cover all Scout Groups. Therefore, individual Scout Groups do not need to purchase their own Public Liability or Property Owners' Liability cover.

Please do talk to us, and we can clarify your requirements.

Do you hold databases of personal data?

If you were the victim of cybercrime or cyber extortion, your Cyber Liability Insurance could cover the costs associated with security or privacy breaches or loss of third party data that you may hold.

Do you own a building?

If you own a building, Property Owners' Liability Insurance will cover costs and damages awarded to somebody suffering an injury following an accident on, or linked to, your premises. This cover is often included under the [Public Liability](#) or with the property insurance.

Do you provide advice or training?

If you give advice or run training courses, [Professional Indemnity Cover](#) can protect you against someone alleging that you have advised them incorrectly causing them a financial loss.

Do you make or supply products?

If you give, make, sell or supply products, Product Liability Insurance can cover the cost of compensating anyone who is injured by a faulty product that your organisation designs, manufactures or supplies.

Do you employ staff or have volunteers?

If you employ anyone – including temporary, part time or seasonal staff and people on work placements - it is a legal requirement to have [Employers' Liability Insurance](#). This covers your legal liability for any injury, disease or fatality to employees, which may occur through their work. Authorised volunteers can also be included under this cover.

Protecting your trustees and directors

Your charity trustees are ultimately responsible for your charity's management and decisions.

[Trustees Indemnity Cover](#) can provide protection to trustees where they may be held personally liable for the charity's losses. However if the trustees acted improperly or fraudulently, the policy would not cover them.

Directors & Officers cover gives similar protection to board members and management.

We're here to help

Getting the right advice and liability cover

Not all liability insurance policies are the same.

As a specialist insurance broker we understand how charities and businesses work and understand their risks, so we can help ensure that you get the right cover.

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