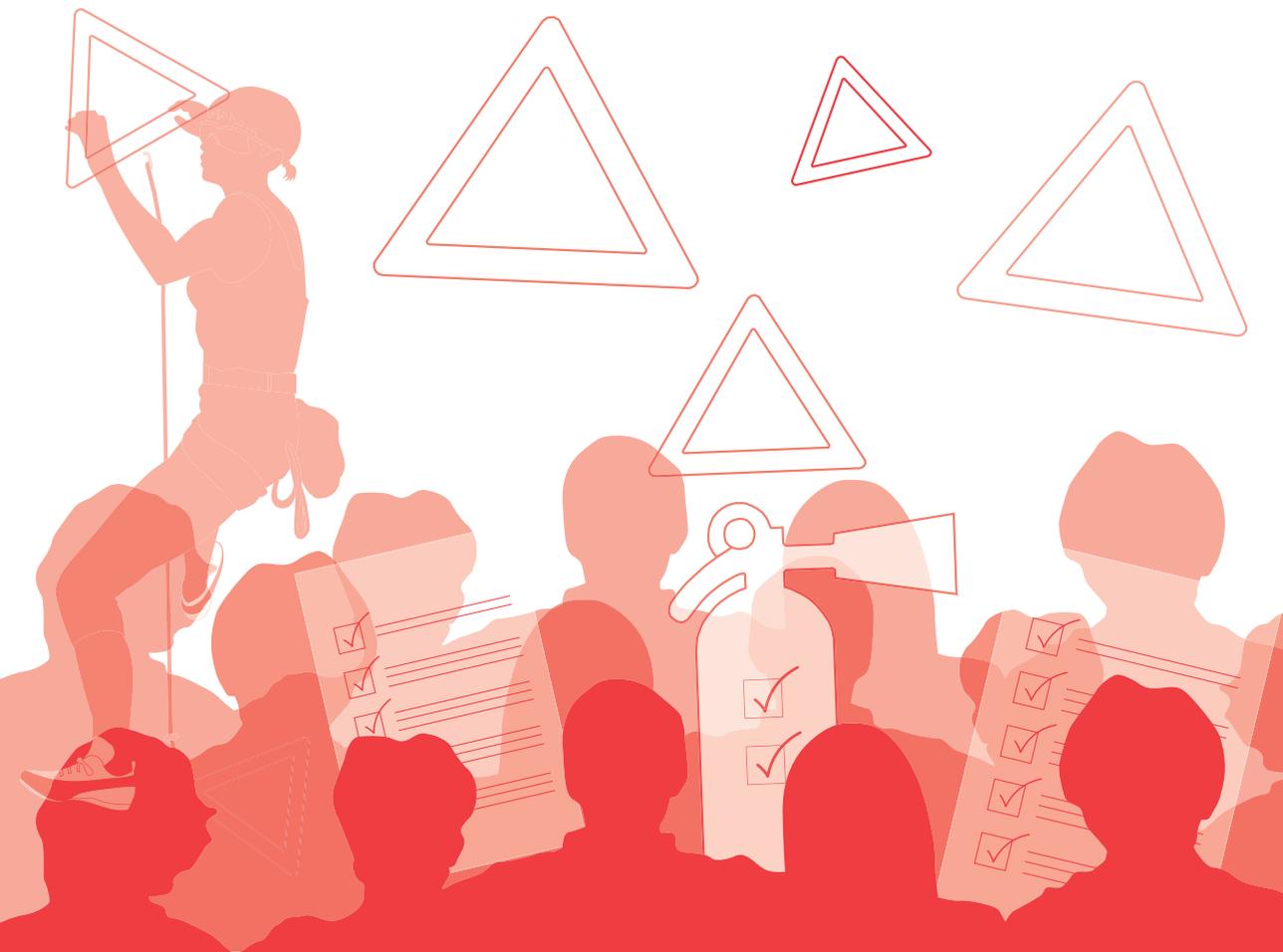




Association of British Insurers

# LIVING WITH RISK

RISK MANAGEMENT AND INSURANCE ADVICE FOR THE VOLUNTARY AND COMMUNITY SECTOR



Risk is a fact of life. We all face it - as individuals in our daily lives, businesses, and voluntary and community groups. Being able to assess and manage risk enables individuals, businesses and the community to develop and grow.

- Do you know the range of risks you face?
- What should you do to reduce and manage these risks?
- How can you protect yourself from potentially expensive claims bills?

In the voluntary and community sector, practical risk management is especially important given the wide variety of activities undertaken and the often limited resources of organisations to deal with the financial consequences if things go wrong. Taking steps to identify, manage and reduce risk can also help to contain the cost of liability insurance cover.

This guide aims to help voluntary and community groups to:

- Put a good risk management policy in place
- Plan activities more effectively
- Identify different types of insurance protection that may be needed to cover potential legal liabilities.

The ABI is working with its member insurance companies, insurance brokers and the voluntary

and community sector through the Home Office Insurance Cover Working Group to raise awareness of the importance of risk management for voluntary and charitable groups.

Because of the wide variety of organisations involved in voluntary and community work, and their differing resources and requirements, this guide is designed to provide straightforward advice on the key issues. It also gives sources of further useful information on risk management and insurance.

## WHY RISK MANAGEMENT IS VITAL

We all owe others a duty of care whatever we do. If you are negligent (for example, if you drive carelessly and cause an accident) and injure someone else or damage their property, then you or your organisation could face a claim for damages. This can be very expensive - the cost of the average damages award for personal injury has risen by 30% in the last five years.

The Charity Commission and other bodies involved in the sector provide some useful guidance on risk management. For example, the Charity Commission's publication 'Charities and Insurance', [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk) offers comprehensive advice on all types of insurance that charities may need, and on the importance of risk management.

Assessing the risks you face and taking steps to control and minimise them is not only crucial to ensure your organisation can develop, but can help in obtaining competitively priced liability insurance.

Whatever the size and activities of your group or organisation, it can be exposed to risks in many different ways. For example:

- **Exhibitions, fetes and fairs.** Events could expose employees, volunteers and members of the public to injury, for example from a badly erected tent or marquee.
- **Trips and excursions.** If you are organising holidays, for example outdoor activity breaks, do your employees or volunteers have adequate training, and will they be properly supervised?
- **Buildings and premises.** Your premises should be safe for employees, volunteers and the public. A sharp jagged edge of a filing cabinet, or a loose wire that causes someone to trip over, could prove expensive.
- **Charity shops.** While usually staffed entirely by volunteers, care is still needed to protect against the risk of injury to the public.

Managing risks all these areas is usually straightforward and commonsense, and should be an integral part of planning for any event.



## HOW TO SET UP A RISK MANAGEMENT POLICY

As groups and organisations come in all shapes and sizes, there is no 'one size fits all' risk management policy. The steps you need to take will depend on the number of staff and volunteers you have and your range of activities. Risks occur in three main areas: offices occupied by staff; premises used to deliver services or as shops or storage; and fundraising or other organised events. It may be helpful to consider each of these areas separately when identifying risks.

Good risk management policies will include:

- **Assessing the potential risks you face.** Particular attention should be paid to events involving the public, particularly those involving hazardous activities such as firework displays and events involving animals. In these cases you should consult your liability insurer beforehand. Even if your event is confined to one room, look for dangers such as loose cables that could cause injury.
  - **Tacking action to minimise risks.** This may include training, written procedures and checklists, displaying warning signs and information notices, as well as assigning responsibility to staff or volunteers.
  - **Appointing someone to be responsible for health and safety compliance.** All staff and volunteers must be aware of health and safety standards, and have access to adequate training.
- Pay particular attention to events such as competitions, exhibitions or open days which the public will be attending. The more dangerous the activity (particularly outdoor activities, such as canoeing or rock climbing), the greater the level of training and supervision required.
- **Assessing risk regularly.** Risk assessment is not a one - off exercise: you must regularly review the scope of your activities to take into account any new risks, and what extra precautions you may need to take.
  - **Seeking help and advice on risk management.** There is plenty of help and advice available to help you assess risks, and manage them. For example, an insurance broker or your liability insurer can help. The National Council for Voluntary Organisations has produced an action plan for the voluntary and community sector which is available on: [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

Effective risk management should not be burdensome or bureaucratic. By helping you to identify and then reduce or eliminate risks to staff, volunteers, and the public, your organisation can plan its activities more effectively. It should be as straightforward a part of the process as any other arrangement.

Risk assessments should cover your organisation's core activities, the level of qualification of those people delivering them, the equipment and facilities used, non-core aspects (for example, transporting participants to events), and child protection. The findings of the risk assessments should be used to prepare appropriate guidelines for circulation throughout your organisation to ensure that consistent standards are used.

In line with the Government's five main principles of effective regulation, risk management should be:

- **Proportionate.** Steps taken should be in proportion to the risk assessed.
- **Accountable.** All those affected should be consulted, and you should be able to clearly explain how and why decisions have been taken.
- **Consistent.** Policy should be developed and interpreted on a consistent basis.
- **Transparent.** Policy should be open and user-friendly.
- **Targeted.** Measures should focus on the problem.

Where any organisation has at least one paid employee, it is considered to be an 'employer' for the purposes of the Health and Safety at Work Act and the regulations made under it.

The Management of Health and Safety at Work Regulations 1999 (ISBN 0717624889 - available from HSE Books) place a duty on both employers and the self-employed to assess the risks to employees and

anyone else (e.g. voluntary workers, clients and customers) who may be affected by the work activities being undertaken. As a result of this assessment, appropriate preventive and protective measures have to be taken to reduce the risks identified if they are not being adequately controlled at present. Some of the regulations listed in this booklet describe specific protective and preventive measures that have to be taken in certain circumstances or when undertaking particular activities.

In general, the same health and safety standards should be applied to voluntary workers as they would to employees exposed to the same risks. However, if the risk assessment shows that the risks to voluntary workers are different, the preventive and protective measures taken should reflect the different risks.

The Health and Safety Executive (HSE) considers it good practice for a user of volunteers to provide the same level of health and safety protection as they would to an employee.

The HSE has published two pieces of guidance that are likely to be of use:

- HSG192, Charity and voluntary workers : a guide to health and safety at work, (ISBN 0 7176 2424 2 - available from HSE Books).
- INDG163, Five Steps to Risk Assessment to help employers and the self employed to assess risks in the workplace (ISBN 0 7176 1565 0 - also available from HSE Books or on the internet at <http://www.hse.gov.uk/pubns/indg163.pdf>).

## HOW INSURANCE CAN HELP MINIMISE RISK AND PROVIDE FINANCIAL PROTECTION

Insurance can play a crucial role in protecting your organisation. Insurers:

- provide financial protection should you be sued for damages for injury, property damage or financial loss;
- advise on how to assess and effectively manage risks.

The main types of liability insurance your organisation may need are:

- **Employers' liability insurance** covers your organisation's liability for work-related injuries to employees. This insurance is compulsory by law. Whether you need it depends if there is an employer/employee relationship. The HSE guidance on employers' liability insurance provides further useful information: [www.hse.gov.uk](http://www.hse.gov.uk). Policies must provide cover of at least £5 million per occurrence, although most policies cover up to £10 million. Your policy should cover all conventional employees, contract, casual and seasonal staff as well as temporary staff, including workplace students.  
  
If your organisation involves volunteers, advisers, referees, and marshals you should tell your insurance company or insurance broker.
- **Public liability insurance** provides cover for injuries to the public or damage to or loss of their property caused by the negligence of your organisation, which includes the actions of employees and volunteers. The term 'public' means anyone other than an employee, so it includes volunteers, activity participants, spectators and visitors. It can also include people who are cared for by your organisation, either at your premises or elsewhere. Typically, policies offer cover of between £2 -£5 million.
- **Directors & Officers (D & O) insurance** covers claims against one of your organisation's directors, or other officers individually, as opposed to those made against the organisation itself. Those with management responsibility, including committee members, may also be held personally responsible for lack of care and skill in carrying out their duties.

- **Trustee indemnity insurance** provides cover similar to D & O insurance but to appointed trustees rather than directors against the risk of personal liability arising from any breach of trust. The buying of this cover needs to be authorised by the governing document of the organisation, or The Charity Commission, where relevant.
- **Professional indemnity insurance** protects against financial loss to clients arising from your negligence.
- **Product liability insurance** covers personal injury and property damage caused by a fault in the design or production of a product.

Your insurance broker and your liability insurer will also be able to offer you risk management advice. This will help in not only reducing the risk of facing an expensive claim for damages, but could also reduce the cost of liability insurance.

If you need employers' liability insurance, the ABI's 'Making the Market Work' scheme can help. While the scheme is aimed at trade associations representing commercial firms, it can help your organisation as it sets out general risk management features which insurers consider important. These include:

- having in place recognised health and safety systems,
- keeping up-to-date health and safety information,
- recording of all accidents,
- providing health and safety training.

For further information email: [makingthemarketwork@abi.org.uk](mailto:makingthemarketwork@abi.org.uk)

Make sure your insurance company or insurance broker knows about your risk management policy. The more you can do to show you are taking a responsible attitude to managing risk, the easier it should be to obtain liability insurance. While no organisation can be guaranteed liability insurance, insurers do recognise the importance of insurance cover for all voluntary groups and charities, and will always look to provide cover wherever possible.

## WHERE TO GET THE RIGHT INSURANCE ADVICE AND BUYING COVER

Employers' liability and public liability insurance can both be purchased on their own or as part of a combined insurance 'package' policy, which will include other cover for buildings and stock. If you have a combined policy, check to see if it includes public liability cover.

An insurance broker can advise on your liability insurance requirements - and your insurance needs generally - and will advise on what insurers will usually expect to see before they can offer cover. They can also 'shop around' different insurers to help get the best deal for you.

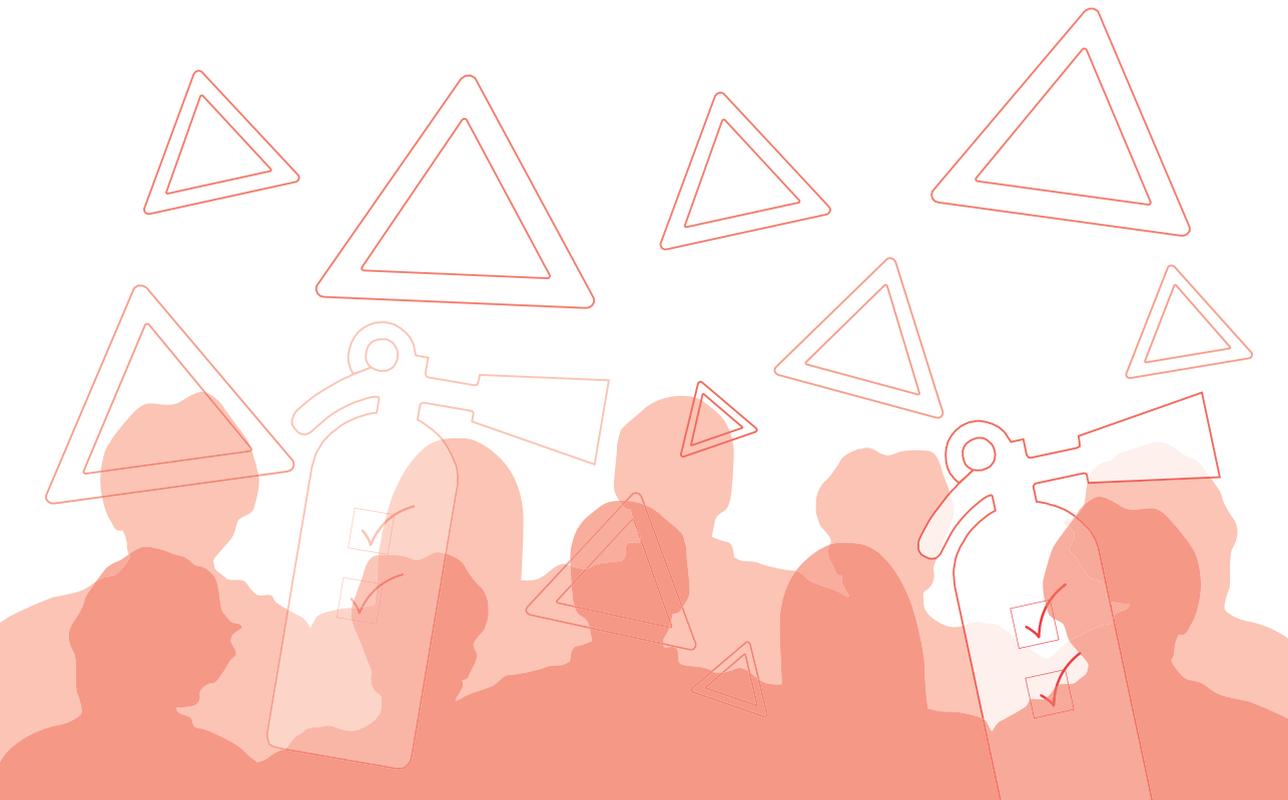
If you are having difficulty buying liability insurance, you can contact the British Insurance Brokers' Association (BIBA) [www.biba.org.uk](http://www.biba.org.uk) for details of specialist insurance brokers who may be able to help.

## GOOD RISK MANAGEMENT AND INSURANCE PROTECTION - THE KEY TO A SUCCESSFUL ORGANISATION

In a time of increasing compensation payouts, the need for good risk management and adequate insurance protection has never been more important. This especially applies to the voluntary and community sector, which is not immune, and in some cases more vulnerable, to facing potentially expensive claims for compensation.

With sensible planning and management the dangers can be significantly reduced or even eliminated. Good risk management will not only help your organisation to develop, but will help keep down the costs of liability insurance protection.

**Association of British Insurers  
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## Useful contacts:

Association of British Insurers  
[www.abi.org.uk](http://www.abi.org.uk)

British Insurance Brokers' Association  
[www.biba.org.uk](http://www.biba.org.uk)

Charity Commission  
[www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)

National Council for Voluntary Organisations  
[www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

Association of Insurance and Risk Managers in  
Industry and Commerce  
[www.airmic.com](http://www.airmic.com)

Institute of Risk Management  
[www.theirm.org](http://www.theirm.org)

Health and Safety Executive  
[www.hse.gov.uk](http://www.hse.gov.uk)

Charity Finance Directors' Group  
[www.cfdg.org.uk](http://www.cfdg.org.uk)

Central Council for Physical Recreation  
[www.ccpr.org.uk](http://www.ccpr.org.uk)

Home Office  
[www.homeoffice.gov.uk](http://www.homeoffice.gov.uk)

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