



Allied Westminster

# **Guidance on Insurance for Village Halls**

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**When reading this document it is important to remember that:**

- **Insurance companies do vary in their Underwriting Criteria.**
- **This information has been collated based on the VillageGuard Insurance Policy.**
- **VillageGuard is a bespoke policy for rural location village and community halls.**
- **VillageGuard is only available through Allied Westminster.**
- **No other Broker has access to this Policy.**

## **The Importance of Ensuring Your Buildings Sums Insured are Correct**

The buildings sum insured is the amount of money for which the property is covered. It is the most your insurers will pay under any circumstances. You must calculate an adequate sum insured to avoid claim payments being reduced because of under insurance. Regular checks should be made to ensure it remains correct. It is your responsibility to get the sum insured right.

The sum insured under a buildings policy must be the full rebuilding cost of the property. The market value of your property has no direct relationship to the rebuilding cost of the property.

### **Quote from Charity Commission Document CC49 - Charities And Insurance:**

#### **“Buildings Insurance**

It is very important that the sum insured is adequate. If, in the event of a claim being made, the amount is found to be insufficient and the trustees ought to have purchased more extensive cover, the trustees may be liable to make good the shortfall out of their own pockets. To reduce the risk of a shortfall, we recommend that trustees initially obtain advice from a professionally-qualified building surveyor on what the amount should be; and that regularly (perhaps every two years) the surveyor should be asked to confirm whether or not the current figure is adequate. If the cover is not adequate, the trustees should notify the insurer immediately so that an adjustment may be made”

- We note the Charity Commission suggest an assessment of rebuild costs every two years however we note that this can be a costly business so, unless anything has occurred (such as an extension) that would increase the sums insured, then a Professional Assessment of Rebuild Costs at least every five to ten years is suggested by our underwriters.

## **Listed buildings:**

If the hall is a listed building we strongly recommend that a **RICS valuation** is carried out to determine the correct rebuild costs, as this will ensure that you have adequate cover in place. Please also double check that the Surveyor is qualified to comment on listed buildings.

In the case of underinsurance, claims can take longer to settle and will not be paid in full. Regrettably, a recent survey carried out on behalf of Aviva found that 86% of surveyed properties were significantly underinsured, this included village halls. As trustees, you are responsible for arranging insurance and may find that you will be personally liable if cover is inadequate and as such, we are merely trying to highlight a potential shortfall in insurance now, rather than leave you open to the stressful and expensive alternative of discovering you are underinsured at the time of a claim.

## **8 simple ways to spot an under insured building:**

### **1. The building is listed**

Buildings are listed because they're of special architectural or historic interest or if the building is cartilage listed or in a conservation area. This means, if there's a fire or other loss, special permission from the relevant planning authorities and agencies will be needed before rebuilding or repairs can take place. In other words, there'll be a big fuss. Fuss tends to cost more.

### **2. The building is made of stone**

So what's so special about stone? Well, it costs more to build with stone. It costs more to repair and maintain stonework. And the stone may well be unique, having originally been sourced from a local quarry perhaps. Again, more hassle tends to mean more cost.

### **3. The building was constructed before 1920**

Things aren't built like they used to be. It's true. Buildings from the past were built to last. Sorry for the cliché, but you only get what you pay for. Better quality means higher costs, so older buildings are more likely to be under-insured.

### **4. The building has never had a proper valuation**

If the sums insured are based on guess work, or they've been passed on by previous Committees and you don't know the source of the original valuation, then the chances are they're wrong. Get them checked.

### **5. The building is green**

Not the colour. We mean eco-friendly! Built from rammed earth, straw-bales, old car tyres and such like. If the construction method isn't standard, you can't expect the sums insured to be either.

### **6. The building has recently been altered**

Extended, altered, refurbished. What about the sums insured? Did they get altered at the same time?

### **7. The building is in a funny location**

We don't mean funny ha ha, we mean there's something a bit unusual about where it is. Like in a city centre adjacent to a railway line, or on a small island that's only accessible via a weight restricted bridge. Imagine how these factors could complicate a rebuild. Complication equals cost. Cost means higher sums insured.

### **8. It's more than 10 years since the building had a proper valuation**

Benjamin Franklin said two things are certain in life, death and taxes. Well here's something profound he didn't say that's also pretty certain – In time things change. Valuations need to be updated, or the chances are they'll be wrong.

**Construction:** It is essential to ensure your insurers are aware of the exact construction of your hall. 100% brick or stone with slate tile or metal roof is standard anything else is not. Please always double check your Policy Schedule as this is your insurers understanding of the construction.

**Flat roof:** Insurers will also need to know if you have an area of flat roof so double check their understanding of the roof area of your hall.

**Outbuildings** – even if you have a shed if Insurers do not know about the outbuilding it will not be covered, (Liabilities as well as material damage). Failing to insure part of that for which you are responsible and then being upset if it is not covered should a claim be made is like wishing you had a milky coffee but when you go to the supermarket if you don't buy milk you can only have black coffee!!

### **Charity Property Help Scheme:**

We strongly recommend that the rebuild costs are professionally assessed, as the Building Sum Insured must also allow for site clearance costs and professional fees incurred should the property have to be rebuilt. It should also be sufficient to include any additional costs incurred due to the meeting of **modern building regulations**.

Following a discussion at a village hall I was told about the Charity Property Help Scheme. As far as I am aware this initiative is available nationwide. Apparently Charities can receive an hour's free consultation with a R.I.C.S. surveyor so if you are in any doubt as to whether your buildings sums insured are adequate, this may be useful to you. I would stress however that you first ascertain exactly what services they will provide for free and if you will actually have to pay anything towards a full professional assessment of rebuild costs. The details can be found on: <http://rics.org/charitypropertyhelp>

## Contents Sums Insured

- As with your buildings insurance it is important that you ensure you have adequate cover in place in case of a total loss to prevent insurers reducing the payment on a claim in the case of under insurance.
- Insurance companies do vary in their Underwriting criteria:
- We ask for details of the sums required for computers and for single items valued at £2,000 or more. We can extend cover by specifying items of higher worth. Single article limits may vary.
- VillageGuard gives you the option of covering the property of small groups who would otherwise not be able to afford separate insurance. This is designed for hirers of the hall with relatively small sums insured and it must be noted that cover is restricted to the hall only. Some insurers may not offer this cover. Please note that items belonging to third parties are not automatically covered under YOUR contents cover.
- Do you need cover for items away from the hall? If yes, it is extremely likely that you will need to specify this to insurers.
- There is a policy limit of £1,000 for rare books or works of art. If you require a higher sum insured for such items they must be specified on the VillageGuard policy.
- Remember lighting is contents



## Optional Covers:

Please refer to the Summary of cover sheet but worthy of special note are:

**Playground Equipment** – unless you tell your insurer you have it, you will not have cover for it. It is advisable that you separate the cost of the equipment from the safety flooring and fencing as each have a different rating value on VillageGuard. The rating for playground equipment is higher than flooring or fencing. You should check if this is the case with your insurer. A good broker will have knowledge and guide you by explaining the covers. VillageGuard provides this cover subject to our receipt of satisfactory answers to our playground questionnaire and an annual inspection conducted by an inspector with the RPII qualification.

**Playing Fields** – again, if you have Playing Fields or any other area of land for which you are responsible, please ensure you tell your Insurer especially if it is in a different location to the hall.

**Tennis courts, Bowling Greens and the like:** Please advise your insurer if you have any of these as it is likely they will be subject to a different rate again.

**Marquees** – again please ensure you tell your Insurers if you own and use a marquee especially if you hire it out to third parties. Equipment hired out to third parties will not be covered for material damage as it is expected that the hirer is responsible for this. Liability in the event of an incident occurring will lie with the individuals erecting and dismantling the marquee. It is therefore expected that those committee members experienced in this will form part of the party erecting and dismantling the marquee. If the marquee is hired out then an extension of standard cover to include liabilities should be sought from your Insurer. The additional terms will be determined depending on whether the hire is a one off event or if it is a regular occurrence.

**Liability Insurance Policies available and relevant to Village and Community Hall Trustees and Management Committee:**

- **Employers Liability**
- **Public Liability, (including Hirers Liability, Property Owners Liability and Product Liability)**
- **Trustee Indemnity**

## Employers Liability insurance

- By law it is necessary to have liability insurance in certain circumstances.
- If you employ staff you are required under the provisions of the Employer's Liability Act (1969) to have insurance
- It is also a legal requirement to display a valid Certificate, (issued by the insurer), at the place of business. i.e. the Hall. However, from 1/10/2008 the display can be electronic providing all parties to whom this relates are aware of where to find this.
- The legal requirement is for £5,000,000 limit of liability but most Insurers will have a limit of £10,000,000.
- Since 1/10/2008 there is no requirement for you to keep a copy of the E.L. Certificate but it is a good best practice to do so in case of need in the future.
- On VillageGuard, the Employers Liability covers Employees, Voluntary helpers, Management Committee and Trustees.
- Liability insurance protects the insured party against liability claims, made by third parties, alleging that they have suffered injury or damage to property.

## **Public Liability insurance:**

- A Public liability policy provides an indemnity in respect of claims made alleging death or injury by anybody other than an employee (in VillageGuard as defined earlier), or in respect of damage to property.
- We offer £2,000,000 of £5,000,000 L.O.L.(limit of liability)
- Please always refer to your Policy Wording and to your Policy Schedule to check excluded activities. The Policy Wording and the Policy Schedule should always be read together as one document as the Schedule will show any relevant endorsements.
- Claims are considered and dealt with by insurers and a payment will be made if the insured's negligence can be proven.
- Please always remember to check the policy Wording for exclusions or restrictions on the policy. If in doubt your Broker/insurer should be able to advise you. It may be that cover can be extended subject to additional terms to include the exclusion (e.g. bouncy castle). However in some cases there will be no option to extend cover e.g. pony rides.

## **HIRERS LIABILITY:**

- The VillageGuard Insurance Policy has an endorsement under the public liability section which allows the cover to be extended to hirers of the hall. The limit of liability is £2,000,000.
- The same terms, conditions and exclusions apply to the hirers of the hall as they would to the trustees/management committee, so any hire involving excluded activities (i.e. bouncy castles, contact sports etc.) would not be covered. (see relevant page of policy wording)
- The cover is in place for any non-commercial hirers of the hall when indemnity is not provided by any other insurance policy.
- Hirers must also be regarded by our clients as being for the benefit of the local community.
- Please note that the trustees/management committee are covered, whether the hirer of the hall is commercial or not, for any incident which is deemed to be due to the negligence of the trustees/management committee, subject to the standard terms, conditions and exclusions of the policy.

## **Property Owners Liability:**

- Standard cover with the buildings insurance
- Provides protection for the insured party against any liability claims, made by a third party, alleging they have suffered injury or damage to property following an accident on or linked to your premises
- The limit of liability will usually be the same as your Public Liability limit of liability.

## **Product Liability:**

- Product liability is in place to provide indemnity in respect of claims made alleging death or injury caused by a product made/produced by the Management Committee, Trustees or their volunteers.

## Public Liability: planning an event:

- It is essential that we clarify **who exactly is organising** the event because if an incident should occur and the event was not organised by the management committee then liability would lie with the organiser/s of the event and there would be no cover on the Village Hall Policy. It may be therefore that the organisers are personally liable for the incident so it is essential that we have clarity. If the event is to be covered under the village/community hall policy the management committee are ultimately responsible for all aspects of the organisation this means checking everything including the risk assessments and recording those checks to confirm the responsibility is with the management committee.
- **Place** – if the event is to be held away from the village hall and its grounds then the committee must ensure that the owner of the land has property owner's liability in place and that their Insurers are happy for the event to take place.
- **A risk assessment** must take place and be recorded for your own protection, no matter how small the event.
- **Number** of expected attendees – care some policies limit the numbers.
- **All commercial parties** must have their own insurance in place. Committee Members and their Volunteers involved in stalls and selling refreshments in aid of fund raising for the hall will have cover under this Policy. All other parties involved in the event who obtain commercial gain from their activity/stall/business must have their own liability insurance in place as they are deemed to be commercial parties.
- **Bouncy Castles:** A standard exclusion on most insurance policies. Even if the owner of the castle has Public Liability insurance this is in place as cover for her/him in the event of an incident occurring that was could be due to the bouncy castle itself. If the management committee are expected to supervise the children you will need an extension on your Policy to cover this activity and compliance with the Insurer's Inflatable Devices Condition



Precedent is required. Providing cover can be extended then the additional premium would be dependent on the size of the inflatable device.

- **Exclusions and Restrictions:** always check the Policy wording when planning an event

**Open Gardens** are covered under the standard policy terms and conditions on VillageGuard providing:

- A Risk Assessment of the whole event must take place and be recorded
- We would expect that the property owner carries out a risk assessment to identify potential hazards.
- The Management Committee should ascertain property owners liability is held by the garden owners under their home insurance. They must also check to confirm that their insurers are happy for the event to take place.

N.B.

- If there are other activities planned in conjunction with the open gardens then referral is suggested to ensure that such activities are covered under the standard terms and conditions of the policy. We always recommend that you do so if you are in any doubt or if you require cover for any of the excluded activities as we may be able to extend cover with additional terms, (e.g. bouncy castles)

## Trustee Indemnity

Is essentially cover for any errors or omissions on behalf of the Trustees and Officers of the village hall and covers Trustees and Management Committee as individuals or as a group. It does not cover any deliberate or fraudulent acts. I have attached some examples of successful claims made against this cover. Please note however that whilst the examples are charities they are not village halls and their management. Number 3 would be covered under libel and slander which is with Public Liability on VillageGuard.

Probably, for the main part, this cover would be used to protect an organisation or an individual where it is alleged that someone has suffered financial loss as a result of errors or omissions.

In order to provide you with a quotation to add Trustees Indemnity we would require answers to the following. (N.B. the full annual premium is due even if the cover is added mid-term)

1. An annual income
2. Does your governing document allow you to have the Trustees Indemnity Insurance? If it is precluded you must first refer to the charities commission.
3. The date of last accounts and period covered
4. That the accounts have been independently examined or audited, if relevant.
5. That you are not aware of any circumstances or incidents where there is any reason for future claims
6. Levels of cover available: £100,000, £250,000 or £500,000

### **Three things to think about before buying Trustee Indemnity:**

1. Look at your organization. Is it well run, do you have processes in place to commit funds, do you all have to agree, do you have a cheque sign off process, do you have clear goals and objectives. If the answers are yes to all of the above you will be making yourselves far less liable to any claim.
2. Look at your Governing Document. If it precludes you from having the cover you must refer to the charities commission
3. It may be that you are having difficulty getting individuals to join your charity for fear of being personally liable for decision taken as a Trustee. We find this is a very common factor in our clients requesting this cover.

Basically we cannot advise if you should or should not have this cover so if, after consideration of all the facts, the Committee and Trustees consider it to be right for them, then, buy it. Cover these days is far less expensive than it used to be.

The most common claims tend to be on financial grounds for example if an organisation plans a building project and the builder sets to work only to find the Charity do not have the funds to fulfill the project. The builder would look for payment from the Charity if they didn't have funds he may seek recompense from the Trustees. Remember though no deliberate or fraudulent acts would be covered.

N.B. Trustee Indemnity will not cover you should the hall's sums insured be inadequate.

So it applies to a very narrow set of circumstances and typically it applies to circumstances where you have, in all good faith, committed the charity funds when perhaps those funds were not there or that you have committed the charity to a bad project again in all good faith.

## **Charity Trustees - Claims Examples**

### **1) Claim for alleged Trespass**

The neighbouring landowner to the trust claims that recent constructions carried out by the trust infringed on their property. The trust claims that documents from the 18<sup>th</sup> century show that the previous owner passed the land over to them, whereas the claimant declares that the land never legally belonged to the previous owner.

It appears that the claim will be upheld and that the claimant is indeed the legal owner of the disputed property. The trustees will be responsible for damages and for restoring the land to its former condition.

To date £20,000 has been paid in legal costs with an outstanding estimate of a further £20,000.

### **2) Claim for misuse of Trust Funds**

Following an investigation by the Charity Commission, it was declared that the trustees named had illegally gained payments from the trust by use of another trading company of which they are directors. The Charity Commission has stated that there exists a conflict of interests and that these salaries and dividends must be returned, and the trust be re-structured. The claim itself is for reimbursement of legal fees incurred. However as the claim does not directly stem from a Wrongful Act, but rather from the error of the solicitors involved in the formation of the trust, the claim would not be upheld. However, solicitors' fees and investigation costs were paid.

### **3) Claim for 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. The matter was eventually settled out of court with considerable fees being paid (£8,500).

### **4) Claim for alleged Breach of Authority**

A claim was made against a trustee by one of the charity's employees. Before the charity ceased operating the trustee had indicated that employees would receive an enhanced redundancy payment, which was in breach of his authority. As a result, several employees had made financial decisions based on that statement, and hence ran up costs to cancel these arrangements.

### **5) Claim for alleged Denial of Access**

A claim was made against the trustees as they had sub-let a section of their premises to another organisation. This had been done without consultation to the landlord and broke the conditions of the charity's lease on the property, and subsequently he ordered the eviction of the sub-tenants. The evictees brought a successful claim against the trustees for denial of access. Over £12,000 was paid out under the policy.

### **6) Claim for legal fees to defend a Charity Commission investigation**

The Charity Commission (CC) investigated a trust that was originally established during the 1960's to research into artificial insemination. The CC investigated the trust's activities on the grounds that they were no longer concerned with research and hence were not charitable in their nature. The trust successfully defended their charitable status, and the legal fees (over £2,000) were paid under the policy.

### **7) Claim for legal fees to defend a Charity Commission Investigation**

An investigation by the Charity Commission led to allegations of the charity using their charitable status for avoidance of tax on their trading subsidiary. The charity was required to re-structure their operation at their own cost, but the legal fees and other costs in their investigations and defending these allegations were covered, coming to a total of over £1,200.

## Discounts available:

- **Members of recognised Consortia/Associations/Federations:** in recognition the excellent support and advice they provide to their members.
- **Long term undertakings:** Like other companies, we offer 3 year undertaking. If you choose to accept this, the 3 year agreement guarantees **rates** will not change providing no claims are made. The **premium** will therefore only rise if you increase the covers or to allow for the index linking on the building sums insured. If you break the Long Term Agreement, we are at least entitled to recover from you the total amount of the discount allowed for the period of the agreement, up to the date it is broken.
- **Hallmark:** in recognition of this excellent quality standards scheme for village and community halls. We believe we were the first to recognise this by offering a discount for each of the levels.
- **CCTV:** double check the limit of liability provided by your Insurer is sufficient to cover replacement and installation costs in the case of an incident occurring, (e.g. vandalism). VillageGuard limit of liability is £2,000. If the value including installation costs of your CCTV equipment totals more than the policy single article limit, please check with your insurer to see if it is possible to extend the limit of liability. In such circumstances the VillageGuard policy would require you to specify the equipment for the appropriate sum.
- **Alarm:** this must be monitored and maintained by a NACOSS or SSAIB registered Alarm Company. If you utilise the discount available we recommend you always check the strict requirements underwriters may insist upon should the alarm ever be 'out of action'.
- **Claim Free Discount:** this is applied to all policies where no claim has been made for three years. If a claim is made this discount is automatically lost at the following renewal.
- **Higher Excess :** Opting for an excess on buildings and contents of £250 or more will give a discount.

### However, price isn't the only consideration

We pride ourselves on our excellent customer service and we believe this is the main reason we enjoy a 98% renewal retention rate. From the many testimonials and compliments we have received we know that our emphasis on excellent, personal customer service, (especially at the time of a claim) is the overriding factor in clients wanting to stay with us.

## Health and Safety Requirements:

In just the same way as it is the client's responsibility to ensure the adequacy of the sums insured. Insurers also consider it the responsibility of the insured to ensure they adhere to the latest Health and Safety Regulations. If you do not this may affect your insurance cover.

Great care should be taken with the Health and Safety regulations as they are constantly being amended or changed and it is not the role of the Insurance Company to keep you updated with the changes.

### Just a few examples:

**A certificate of electrical safety** should be sought at least every 5 years to ensure the full electrical system in a building to be used by the Public meets minimum safety requirements. If the N.I.C.E. qualified electrician cannot provide you with the Certificate because certain parts of the system do not meet the required standard of safety then you must refer to your Insurers to ascertain if the report you have been given is adequate to cover the insurance requirements. If you fail to do this, cover any fire or liability claim arising from electrical faults may not be covered.

I understand that as well as being qualified the electricians with this certification regularly have their work checked and they are confirmed competent as well as qualified and that's why insurers need the electrician to be N.I.C.E.I.C. approved, (Google for a locally qualified technician)

**Annual P.A.T. testing** is a standard Health and Safety requirement

**Do you have Oil heating?** If yes, is the Oil Tank bunded?

- England became law 2001 for newly installed tanks and from 2005 for tanks already in situ.
- Scotland became law April 2006

It is a **VillageGuard** policy condition that you take all reasonable precautions to prevent loss or damage and fully comply with all legal requirements and latest H&S regulations. We understand that it is a legal requirement from 2001 that oil tanks are bunded/have a secondary containment system to prevent/reduce pollution and or contamination, in the event of an escape of oil. We would therefore recommend that those halls who maybe concerned that they do not comply with present requirements perhaps check with their local authority or whatever body provides them with H&S advice.

In the event of a claim, if you have not met current H&S guidelines/legal requirements, which have led to the loss or damage occurring, this may result in the claim not being accepted in full or at all.

Oil leakage can lead to contamination/pollution of the surrounding area which can cost thousands of pounds to rectify (a recent claim came to £60,000). Your insurance covers you for damage to buildings and contents, soil does not come within the definition of either of those and the removal of contaminated soil can be the most expensive aspect e.g. the claim mentioned, cost approx £40,000 to remove the contaminated soil. Some insurance companies have an extension of cover with a limit of

liability but these limits as far as we are aware would not have come anywhere near the cost of the above claim. However, we would always recommend you check with your Insurers to check the terms and restrictions of this cover.

It is therefore in the hall's best interests to look into getting the oil tank banded, whether or not this is a legal requirement, as this will hopefully prevent any loss of oil and the hall being left with a huge bill for cleanup, which may not be covered by their insurance. Oil tanks being banded is not something that insurance companies require, we are merely trying to bring what we believe is a legal requirement/sensible preventative measure to the attention of halls, rather than leave them open to the stressful and expensive alternative of an expensive cleanup operation, following a leakage.

### **Snow and Ice:**

We would suggest 'general' guidance to hall Management Committees and Trustees along the following lines;

You have a duty of care to ensure that any staff, users/hirers or visitors to your hall are safe.

Unfortunately, slips and trips can happen, particularly in icy and snowy conditions. The actions you take should be 'reasonable in the circumstances'. Please therefore take precautions to ensure entry and exit routes are kept free of anything that may cause a person to slip by taking preventative measures such as clearing and gritting paths. In the majority of cases it should not necessary to ensure that every available path is immediately cleared, as long as there is at least one safe route available to access the building.

Naturally, it might not be reasonable for paths to be cleared during the heavy falls of snow but do bear in mind that the longer the snow and ice remains on the ground after the snow fall has stopped, the greater the likelihood of it being considered reasonable for some attempt to clear it to be made.

**Burst Pipes and Escape of Water** :If low temperatures are expected please ensure you keep heating on at the hall as a preventative measure.

One of our halls has pipes that are situated above the insulation level so the heat from the hall cannot reach them. The pipes have been more heavily insulated in attempt to cope with the minus 17 temperatures experienced. A suggested best practice in such circumstances may be to keep the hot water on so the heat is dispersed from the tank along the pipes.

We understand the Health and Safety Executive : recognise the Charities Safety Group ([www.csg.org.uk](http://www.csg.org.uk)). As members, Charities and voluntary organisations apparently receive a copy of Health and Safety DVD. This may or may not prove useful but we have not seen this DVD so please do not take this as a recommendation.