

Village hall insurance cover

Managing trustees of a village hall have a duty under charity law to insure the charity's assets and liabilities and may be personally liable if they fail to do so. This information sheet is a guide to the classes of insurance which a management committee should consider.



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Introduction

This information sheet is intended to be a general guide to the classes of insurance which a management committee should consider.

It is important to remember that as trustees the members of the management committee have a duty under charity law to insure the charity's assets and liabilities and may be personally liable if they fail to do so.

In view of the importance of insurance and the serious consequences of failing to insure adequately it is essential to seek professional advice in respect of any specific queries which a management committee may have.

Make sure that you have the correct policy for your needs, that you understand the cover period provided by your policy, and in particular, any restrictive conditions it contains. There are a number of policies designed especially for village halls available from some major insurance companies. For further information contact your local Rural Community Council.



1 Property insurance

1.1 What should be insured?

The committee should insure all property that is owned by the trust or for which it is responsible, typically the hall and any outbuildings, and the contents of the insured buildings.

If the hall is leased and the building is insured by the landlord ask the landlord for details of the cover. The lease may make you responsible for repairing some types of damage which the landlord does not insure. If you are not certain consult your insurance adviser.

High risk contents (e.g. audio/video equipment, bar stocks and mowers) should be declared separately to insurers, as should property owned by users which the committee has agreed to insure. If the trust owns property used away from the premises, such as a laptop computer, it should be specified in the policy.

1.2 What type of cover?

Try to arrange cover on an 'all risks' basis which provides cover for any accidental loss or damage, subject to certain specific exclusions, and should cost no more than the alternative fire and specified perils basis.

Subsidence cover is usually included automatically but you should check that your policy provides the cover.

Most policies exclude theft losses unless there is a forcible and violent entry to the premises, although in some specialist policies this condition is modified to try to meet the particular needs of village halls.

Damage caused directly by freezing conditions is not covered. Water damage caused by subsequent bursting of pipes however is insured if the policy is 'all risks' or includes 'burst pipes' cover.

1.3 Sums insured

Sums insured should represent the full current rebuilding or replacement cost of the property insured.

Failure to insure for the full value may result in partial settlement of a claim as in the event of under-insurance the insurer may reduce the amount payable on a claim in proportion to the degree of under-insurance.

Make sure you understand the scope of the cover provided by your policy.

The sum insured on buildings should represent the current cost of rebuilding plus an allowance for professional fees and the cost of clearing the site. If you are not sure seek appropriate guidance - don't guess! Free re-building cost valuations are sometimes provided by specialist Village Hall insurers.

If your hall is of a particular design or construction which could not be rebuilt in the same manner discuss with your insurer or insurance adviser the appropriate basis of valuation.

Contents should be insured for the cost of replacement on a 'new for old' basis.

1.4 Consequential loss

If your hall is damaged you may not be able to continue lettings and will suffer a loss of revenue. However, expenses will continue, even though the income may be reduced or have ceased entirely. Cover for loss of revenue following insured damage is available and inexpensive. You should consider the maximum period that it may take to rebuild the premises and use this to set the indemnity period under the Loss of Income section. A period of at least 24 months is normally recommended.

It may also be possible to arrange cover for loss of revenue following accidental failure of public utilities, an outbreak of food poisoning or a notifiable disease, a murder or suicide, or enforced enclosure on public health grounds.

1.5 Money

Money should be insured whilst in transit to the bank or post office and whilst at the home of any authorised official as well as at the hall; also at fêtes and exhibitions. Please note that cover normally excludes money left in unattended vehicles.

If you have meters or vending machines make sure your cover includes the cash in them. Insurers may not be willing to cover cash in amusement or gaming machines. It is good risk management practice to remove cash from meters and machines - daily if possible.

Remember:

- It may be a condition of your cover that the keys to any safes, meters and vending machines are removed from the premises when closed
- You must keep proper records of money so that you are able to prove a loss.

1.6 Personal accident

Personal accident cover provides for the payment of cash benefits in the event of accidental injury irrespective of any legal liability.

Cover can be arranged for all members of the committee, honorary officers, employees and volunteers during duties undertaken on behalf of the committee.

1.7 Inspection of playground equipment

Committees responsible for children's playgrounds are advised to comply with the recommendations contained in British Standard - BS EN 1176 which applies to the installation and maintenance of playground equipment.

Playground surfaces and equipment should be visually inspected at least weekly and any defective equipment taken out of use. At least monthly the results of the visual inspection should be recorded.

A least once a year the playground should be inspected by someone with appropriate qualifications who is independent of the Committee. An inspection report should be obtained and acted upon. If you need help finding someone to carry out the annual inspection contact your County Playing Fields Association or RoSPA.

1.8 Village hall rebuilding costs

The sum insured (or 'declared value') on the building of the hall and any outbuildings, must be sufficient to cover the cost of completely rebuilding the hall plus an allowance for architects and other professional fees and for the cost of clearing the site prior to rebuilding. You should include an allowance for items such as car parks, landscaping, walls and fences.

Seek advice from local builders, surveyors or architects who will have knowledge of local conditions and costs. It should only be necessary to obtain and pay for a professional written valuation if your hall is a 'listed' building. Free valuations are provided by some insurance providers.

Many policies are subject to 'index linking' which increases the sum insured each year in line with a building cost index. However, since the index will reflect average cost increases across the country you still need to review your own sum insured regularly. Remember you, the insured, are responsible for the adequacy of the sum insured.

Value Added Tax (VAT)

Under current VAT rules the construction of a new community hall is zero-rated /exempt from VAT. However repair work is subject to VAT and so your buildings sum assured must include an allowance for the VAT so - in the event of a claim for partial damage - your claim is not reduced. See ACRE's Information Sheet 18, Village halls and registration for VAT.

The Certificate of Insurance must be displayed in the hall.

1.9 Security

External doors

Doors must be substantial in construction and the frame securely fixed to the building. A five-lever mortice deadlock or five-lever close shackle padlock conforming to BS3621 is recommended. Security requirements do not apply to fire doors which are fitted with panic bars.

Windows and other glazed areas

These are the most frequent means of entry by thieves. Ground floor windows and any upper floor windows overlooking flat roofs or near downpipes should be fitted with key-operated locks and windows giving access to bar stock rooms secured with bars or grilles if possible. Do not help the thief by leaving a ladder outside.

Cash in machines

Cash in vending and games machines should be emptied regularly and removed from premises if there is no safe.

Keys

Key security is a major problem because of the number of people needing access to the village hall. Do try to maintain as much control over keys as is practicable. Know how many sets of keys there are and who has them. If possible, arrange for a member of the management committee to be available to lock up the building at the end of the session. Most user groups will have a representative on the management committee so this should not be a problem. Where this is not possible advice must be sought from the insurance company.

Key safes are sometimes unacceptable to insurers so you should check with your provider before fitting one.

When the hall is in use

Remember theft not involving forcible entry maybe excluded from your insurance cover. Keeping intruders out by securing the main door from the inside may conflict with the requirement to keep occupants safe in case of fire. Ideally the key should be left in the lock, so that it just has to be turned. If that is not possible, then it should be kept in a readily accessible place as near to the exit doors as possible. Securing the main door will have additional benefits when there are children on the premises. However, you must not come into conflict with the advise of your local fire officer as getting visitors out quickly in event of a fire is far more important than anything else. If in doubt about any fire safety issues contact your local fire prevention department for advice.

Make sure hirers use
the end of session
checklist.

End of session checklist

Many claims for loss and damage result from failure to take a few simple precautions to minimise the risks. You may find the following checklist useful:

- search for smouldering fires or cigarette ends
- check all gas and electrical appliances and water taps are turned off
- turn out all lights
- close all internal doors
- secure all windows and external doors

2 Employers liability

Employers liability must be insured by law if the committee has paid employees whether full or part-time. Many insurers include volunteers within their definition of employees, in which case Employers' Liability cover is compulsory.

A Certificate of Insurance is issued and must be displayed in the Hall. If you have set up a trading company, e.g. to run a bar, you must make sure that it is mentioned on the certificate. There is no longer any requirement to retain Employers Liability certificates.

3 Public liability

A management committee invites members of the public into the hall and should, therefore, insure its legal liability for injury or damage suffered by visitors. The policy should cover committee members, employees and volunteers for legal liability from all activities connected with the hall including fund-raising events held away from the hall.

We recommend a minimum limit of indemnity of £5 million.

In addition to the basic cover there are extensions of cover available to village halls which include:

- extending cover to indemnify users (other than commercial users)
 - car park liability
 - food poisoning liability
 - libel and slander
-

4 Trustee liability and trustee indemnity insurance

4.1 Relief from personal liability for trustees

Recruiting new trustees can be harder if potential trustees are worried they may be personally liable for mistakes which put the charity's assets at risk. The Charities Act 2006 allows charity trustees to apply to the Charity Commission, as well as the courts, for relief from personal liability for a breach of trust where the trustee has acted honestly and reasonably. This only applies where mistakes have been honestly made. The Commission and the courts will still take deliberate breaches of trust by trustees very seriously.

4.2 Trustee indemnity insurance

Trustees can use charitable funds to purchase trustee indemnity insurance, if they believe it is in the best interests of the charity to do so. The insurance covers trustees against personal liability when legal claims are made against them. The Charities Act 2006 introduced the right of trustees to buy this insurance out of the charity assets without an explicit power from the Charity Commission or from their governing document. Charity Commission consent is required only if the governing document explicitly prohibits using the charity's funds for trustee indemnity insurance. Trustee indemnity insurance is designated to cover only those circumstances where a third party sues individual charity trustees for pecuniary loss resulting from breach of duty, breach of trust, neglect, error, omission, misstatement, libel, slander and any other act committed by a trustee solely in the course of activities of the charity. Trustee indemnity insurance is no protection against intentional wrongdoing or the making of improper profits and even when liabilities are negligence-based, many kinds of damage will be excluded. Providing trustees act honestly and reasonably there should be few concerns about personal liability and trustees may feel that this insurance is not worthwhile.

The Charity Commission and the courts take deliberate breaches of trust by trustees very seriously.

5 Legal expenses insurance

Legal expenses cover is often provided as part of a combined policy for a community building. This section provides free legal advice on any issue and usually covers legal fees to defend an Employment Tribunal.

Sources of further information and advice

ACRE and its Network provides an information and advice service for village hall management committees through its network of village hall advisers. A link to your local village hall adviser is available on the ACRE website www.acre.org.uk

ACRE produces a range of village hall publications and information sheets to support this service which are available from your local ACRE member.

ACRE publications that may be of interest to readers of this information sheet are listed below:

- **Information Sheet 17:**
Trustees – roles and responsibilities considers the responsibilities of managing charity trustees and gives advice on good practice
- **Information Sheet 6:**
Village halls and registration for VAT
- **Information Sheet 35:**
Trustee liability and trustee indemnity insurance
- **Your Village Hall Management Committee**
contains a suggested induction pack for village hall management committees

Useful contacts

The Stationery Office

PO Box 29 Norwich N3 1GN
0870 600 5522
www.tsoshop.co.uk

Charity Commission Offices

Harmsworth House
13-15 Bouverie Street
London
EC4Y 8DP

20 Kings Parade
Queens Dock
Liverpool
L3 4DQ

South West Regional Office
Woodfield House
Castle Street
Taunton
TA1 4BL

0300 066 9197
www.charitycommission.gov.uk

Charity Commission Leaflets

Available from Charity
Commission or online:

- CC3 The Essential Trustee:
What you need to know
- CC15b Charity Reporting
and Accounting:
the essentials