

# Insurance Requirement Policy

## Document Control

Item	Detail
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## 1.0 Purpose and Legal Basis

A formal policy on insurance is a fundamental component of a charity trustee's duty of care, serving to protect the charity's assets, people, and mission from foreseeable harm. Established by the Board of Trustees following a governance review that identified a need to strengthen operational and legal protections, this policy is a foundational step in building a robust, compliant framework. It is not merely an administrative requirement but a fundamental expression of the Trustees' commitment to ensuring the long-term resilience and sustainability of the charity by managing risk effectively.

### 1.2 Statement of Purpose

The core purposes of this policy are:

- To establish a formal framework for identifying, assessing, and insuring against the risks faced by the charity.

- To ensure the charity complies with its legal and regulatory obligations concerning insurance.
- To protect the charity's funds and assets against significant loss, as empowered by Clause 4 of its Constitution.
- To provide financial protection for Trustees, volunteers, and beneficiaries against liabilities arising from the charity's operations.

### 1.3 Legal and Regulatory Framework

This policy is grounded in the following legal and regulatory requirements that govern the charity's operations:

- **The charity's Constitution:** The policy reflects the Trustees' overarching duty to manage the affairs of the charity (Clause 9) and their specific power to purchase Trustee Indemnity Insurance at the charity's expense (Clause 5(1)(b)).
- **The Charities Act 2011:** The policy adheres to the statutory duties of trustees under this Act, which includes the power to purchase trustee indemnity insurance as specified in Section 189.
- **Charity Commission Guidance:** This policy is developed in line with best practice as outlined in the Charity Commission's core guidance document, 'Charities and insurance (CC49)'.

This legal framework provides the foundation for the policy's scope, which defines the individuals, activities, and assets it is designed to protect.

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## 2.0 Scope

A comprehensive scope is of strategic importance to ensure that all individuals acting on behalf of the charity and all activities undertaken in its name are covered by a consistent risk management and insurance framework. This prevents gaps in protection and promotes a consistent approach to mitigating risk across the organisation.

### 2.2 Applicability

This policy applies comprehensively to:

- All individuals acting on behalf of the charity, including its Trustees, any future employees, volunteers, and contractors.
- All activities undertaken by the charity in furtherance of its objects as defined in Clause 3 of its Constitution. This includes, but is not limited to, research, grant-giving, events, asset management, and the provision of support services for its beneficiaries.
- All assets, both physical and financial, belonging to the charity.

## 2.3 Beneficiary Protection

While beneficiaries are not bound by the procedures within this policy, its primary aim is to ensure their engagement with the charity occurs within a safe and protected environment. The policy ensures that the charity has the financial means to provide appropriate compensation in the unfortunate event of an incident for which it is liable. This defined scope provides the context for the Board's formal commitment, which is articulated in the Policy Statement that follows.

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## 3.0 Policy Statement

The following statement serves as the Board of Trustees' definitive commitment to the principles and practice of diligent insurance management, establishing the standard for the entire organisation.

The Board of Trustees for the charity is committed to protecting the organisation by identifying and evaluating risks and maintaining a comprehensive and appropriate portfolio of insurance cover. The Trustees will ensure that insurance arrangements are reviewed annually to reflect the charity's evolving activities, assets, and legal obligations.

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## 4.0 Definitions

To ensure this policy is applied consistently across all of the charity's operations, clear definitions of key insurance terms are essential. A shared understanding of this terminology enables Trustees to make informed decisions and fully comprehend the scope of cover being purchased.

### 4.2 Key Terms Table

Term	Definition
<b>Trustee Indemnity Insurance</b>	Insurance that provides financial protection for Trustees against personal liability for claims arising from their decisions and actions, provided they have acted honestly and reasonably.

<b>Public Liability Insurance</b>	Insurance that covers the charity against claims for injury to third parties (such as beneficiaries or members of the public) or damage to their property resulting from the charity's activities.
<b>Professional Indemnity Insurance</b>	Insurance that protects the charity against claims of negligence, error, or omission in the advice or services it provides, which is relevant to the charity's research and support objects.
<b>Duty of Care</b>	The legal obligation of the Trustees is to manage the affairs of the charity responsibly. As defined in Clause 9(1)(b) of the Constitution, this requires a Trustee "to exercise...such care and skill as is reasonable in the circumstances having regard in particular to...any special knowledge or experience that he or she has or holds himself or herself out as having."

These terms provide the basis for the practical procedures the Board will follow to manage the charity's insurance portfolio.

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## 5.0 Procedures

The following procedures provide the charity's operational guide, translating the principles of this policy into a repeatable annual cycle of assessment, decision-making, and action. Adherence to these steps ensures that the charity's insurance cover remains appropriate and effective.

### 5.2 Annual Insurance Review Cycle

The Board of Trustees will follow this six-step process annually to manage the charity's insurance portfolio:

1. **Risk Assessment:** The Board will conduct an annual review of the major risks associated with all charitable activities, assets, and legal obligations. This assessment, which will form a key input into the charity's Risk Management Policy, is the foundation for determining insurance needs.
2. **Needs Analysis:** Based on the outcome of the risk assessment, the Trustees will determine the specific types and levels of insurance required to mitigate identified risks. The Board must consider, at a minimum, the need for:
  - Public Liability Insurance

- Trustee Indemnity Insurance
  - Professional Indemnity Insurance (given the charity's objects include research and support)
  - Event-specific Insurance (as required for any events held)
  - Property and Contents Insurance (for any physical assets owned by the charity)
3. **Procurement and Quotation:** The Board, or a designated Trustee, will obtain competitive quotes from reputable insurers. Preference will be given to providers with demonstrated experience in the charity sector.
  4. **Decision and Placement:** The final decision on the selected insurer, policy terms, and levels of cover rests with the Board of Trustees. This decision will be formally recorded in the minutes of the relevant Board meeting.
  5. **Documentation:** Copies of all current insurance policies, schedules of cover, and related documentation must be securely stored in the charity's records and be accessible to all Trustees.
  6. **Claims Management:** Any incident that could potentially lead to an insurance claim must be reported immediately to the designated Trustee responsible for insurance, who will then initiate the formal claims process with the insurer without delay.
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## 6.0 Roles and Responsibilities

Clearly defined roles and responsibilities are critical for effective governance and accountability. This section assigns specific responsibilities for the implementation, management, and oversight of the insurance policy to ensure it is actively managed and its requirements are consistently met.

### 6.2 Responsibility Matrix

- **The Board of Trustees:** As the governing body, the Board holds ultimate responsibility for this policy and for ensuring the charity is adequately insured. Their collective duties include:
  - Formally approving and adopting this policy.
  - Ensuring an adequate budget is allocated for insurance premiums.
  - Conducting the annual risk and insurance needs assessment.
  - Making the final, minuted decision on the insurance provider and levels of cover.
  - Review this policy at least annually to ensure its continued relevance and effectiveness.
- **Designated Trustee (e.g., Treasurer):** A specific Trustee will be delegated operational responsibility for managing the insurance portfolio. Their duties include:

- Leading the annual review process and presenting findings and recommendations to the Board.
  - Liaising with insurance brokers and providers to obtain quotes and information.
  - Maintaining a central, secure file of all insurance documentation.
  - Acting as the primary point of contact for reporting incidents and coordinating the management of any claims.
  - **Volunteers and Contractors:** All individuals acting on behalf of the charity are responsible for:
    - Adhering to the charity's Health and Safety Policy and other operational policies designed to minimise risk.
    - Reporting any accidents or incidents promptly to the designated Trustee.
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## 7.0 Implementation

This implementation plan outlines the immediate actions required to embed the policy into the charity's operations, ensuring it transitions from a documented principle into a practical and effective tool for governance and risk management.

### 7.2 Implementation Plan

- **Effective Date:** This policy is effective immediately following its formal adoption by a resolution of the Board of Trustees.
  - **Initial Review:** A full insurance review, following the procedures detailed in Section 5.0, must be completed within three months of the effective date to establish a baseline of adequate cover.
  - **Communication:** This policy will be made available to all Trustees. The responsibilities outlined in Section 6.0 will be formally communicated to the designated individuals.
  - **Budgetary Allocation:** The Treasurer must ensure that the projected cost of all necessary insurance premiums is included as a line item in the charity's annual budget for Board approval.
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## 8.0 Monitoring

Ongoing monitoring is strategically important to ensure that the charity's insurance framework remains effective, compliant, and fit for purpose as its activities, assets, and risk profile evolve over time.

### 8.2 Monitoring Mechanisms

The effectiveness of this policy will be monitored through the following mechanisms:

- **Annual Report to the Board:** The designated Trustee will present a concise annual report to the Board summarising the insurance cover currently in place, the total cost of premiums, and details of any incidents or claims made during the year.
  - **Incident Log:** A log of all reported incidents will be maintained by the designated Trustee. This log will be used to inform future risk assessments, even if an incident does not result in a formal insurance claim.
  - **Policy Review Schedule:** This policy will be formally reviewed by the Board of Trustees at least annually. An exceptional review will be triggered by any significant change in the charity's operations, such as undertaking a new type of activity, acquiring significant assets, or a change in governing legislation.
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## 9.0 Related Policies and Documents

Effective governance relies on an integrated set of policies that work in unison to protect the charity. This policy should therefore be read and implemented in conjunction with other key documents that are connected to the management of risk and insurance.

### 9.2 List of Documents

- The charity's Constitution
- Risk Management Policy
- Health and Safety Policy
- Internal Financial Controls Policy
- Volunteer Policy