

## 9. INSURANCE

### 9.1 INTRODUCTION

The Council has delegated to schools costs in respect of the full range of insurance cover with the exception of public liability for community schools. It is for the Governing Body of each school to ensure that appropriate arrangements are made, taking professional advice as necessary and following correct procurement procedures.

This section of the Guide sets out the LA's current mandatory minimum requirements, also recommended insurance and optional insurance.

The Scheme for Financing Schools under section 10 provides, "Where funds for insurance are delegated to any school, the LA may require the school to demonstrate that cover relevant to an LA's insurable interests, under a policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the LA if the LA makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets."

### 9.2 MANDATORY INSURANCE AREAS

#### Property (Building and Contents)

Governing Bodies must insure all school property against the perils of –

- (1) fire
- (2) lightning,
- (3) explosion
- (4) aircraft damage
- (5) burst pipes,
- (6) storm,
- (7) tempest,
- (8) flood,
- (9) earthquake,
- (10) riot & civil commotion,
- (11) malicious damage,
- (12) impact,
- (13) terrorism,
- (14) theft (including damage to building caused during break-in)

Cover should give appropriate inflation protection and must include:

- automatic reinstatement of cover after loss
- debris removal
- professional fees
- rebuilding to meet local authority regulations
- property temporarily removed (with permission) from the school up to the value of 10% of the sum insured or £25,000 whichever is higher

Property of pupils, staff, governors and visitors would not be covered, but insurance should cover the property of suppliers, etc. for which the school is responsible (subject to adequate allowance in the sum insured).

Please note that:

- The basis of valuation is important. The object is to ensure all partial claims are paid in full and total loss claims are sufficient to fund the provision of school facilities. Schools must ensure that where used as a basis for insurance the rebuilding costs of school premises are up to date.
- Insurers may seek to impose an excess on some elements of cover, these must be reasonable and manageable within school budgets.
- Theft involves the forcible entry to or exit from the building, security precautions should be taken and advice sought from Insurers, Council's Insurance Section, and Crime Prevention Officer.
- It is essential that inventory records are maintained to substantiate any claim, with one copy of the inventory being kept away from the premises.

### **Business Interruption**

This provides cover for the increased costs related to total or partial loss of the schools' facilities including failure of public utilities or denial of access or closure by public authorities. Minimum cover will vary by type, size and circumstances of school. It is recommended that the minimum sum insured is 10% of the building sum insured with a 24 month indemnity period. This cover will only arise following an incident relating to an insured peril.

### **Building Works**

Schools must ensure contractors have coverage for extensions and other work etc. in accordance with the terms and conditions of the contract let. Details are given further on in this Section under 'Contractors Insurance'.

Where a school arranges for work to be carried out by parents or "friends of the school" on a voluntary or materials cost only basis, the school must ensure that Public Liability cover is affected.

### **Minibus/School bus**

Insurance must be obtained for all school-related activities. The vehicle(s) need to be specified and rated including overseas if required.

### **Personal Accident (Employees)**

This cover relates to all employees and provides set benefits for death, permanent and temporary disability sustained from incidents arising out of and in the course of employment. Cover should include

- Assault on staff in the course of school related duties.
- To provide cover of five times salary (world-wide) (ten times salary for assault)
- To provide cover pro rata to scale for excess of say two months disablement (world-wide).

Personal accident is not a policy of indemnity and operates entirely independently to liability cover where a pre-requisite of damages being awarded is the need for the claimant to establish legal liability.

### **Liability Insurance - Employers' Liability**

This indemnifies the school against claims made by members of staff who allege the school has acted negligently and/or in breach of its statutory duties.

Schools should arrange policies to cover accidental bodily injury, illness, disease or death of employees, governors, managers and other staff, permanent or temporary. A common policy to cover all liabilities is acceptable

- to cover all school related activities
- world-wide coverage
- to include legal defence and witness costs under Health and Safety at Work Act.
- to include motor contingent liability for vehicles not owned by the school whilst being driven on school related activity
- limit at least £25 million any one incident.

Responsibility for these insurances is common to all schools/governing bodies.

Schools should ensure that they should have appropriate Health and Safety Policies and operate sound systems and procedures. This should be accompanied by full records of all accidents and incidents involving staff, pupils and/or other categories of persons such as visitors or trespassers, including notes/statements albeit brief prepared by witnesses.

### **Liability Insurance - Public Liability (including Libel & Slander and Products Liability)**

Public liability insurance caters for claims made by third parties, other than employees and in the school context includes pupils, parents and visitors to the school.

Libel and Slander insurance is to cover governors, managers, staff including breach of copyright. Cover should be £100,000 any one incident, any one year.

Cover should also include risks associated with trees e.g. falling branches, tree roots affecting a neighbour's walls, property etc.

Responsibility for these insurances is dependant upon the category of school:

- Community schools – the LA is responsible for providing main liability insurances and this is not delegated. Schools must follow the advice of the LA and its professional advisors.
- VA and Foundation Schools - The governors have responsibility for liability insurance and must maintain their own cover.

VA and Foundation schools should arrange policies to cover accidental bodily injury, illness, disease or death of third parties (and third party property damage). A common policy to cover all liabilities is acceptable

- to cover all school related activities
- world-wide coverage
- to include legal defence and witness costs under Health and Safety at Work Act.
- to include motor contingent liability for vehicles not owned by the school whilst being driven on school related activity
- limit at least £25 million any one incident .

### **School Journeys**

Insurance cover must be taken out to cover all journeys, outings, field/study trips whether of an educational nature or social which are abroad or involve an overnight stay. This should include personal accident, medical and associated expenses, baggage and personal money, personal liability, cancellation & other expenses. It needs to be relevant to the destination of travel and the nature of the activity.

## **9.3 RECOMMENDED ADDITIONAL INSURANCE CLASSES**

### **Money (School Funds)**

The cover needs to include money in the safe except during working hours, in transit to/from bank etc. or elsewhere in connection with school activities. The maximum sum insured varies depending upon levels of security and amounts collected/carried.

Care should be taken to ensure limits are not exceeded and the frequency of banking should be arranged accordingly. Banking should not follow set patterns and be irregular insofar as days, times and routes.

### **Fidelity Guarantee (School Funds)**

This covers loss due to fraud or dishonesty by staff and governors.

Schools should minimise risk by complying with local authority financial guidance and audit recommendations.

### **Legal Expenses**

This relates to employment only for such matters as industrial tribunals, dismissal of staff, racial and sex discrimination. Policies should have a minimum of £100,000 any one incident, any one year.

Legal advice is provided by the LA as part of the Personnel Service. Schools not buying into that service may wish to consider taking out legal expenses cover.

### **Engineering Insurance/ Inspection Contracts**

Inspection contracts relating to statutory inspection on specified items of plant and equipment such as boilers, heating apparatus, machines, lifting equipment can include insurance. Cover can also be extended to cater for non statutory items such as gymnasium and playground equipment.

### **Lettings – Hirers Liability**

Where a school hires its premises to external organisations it must ensure appropriate arrangements are made to effect public liability insurance.

The school may either

- ensure that each hirer has appropriate insurance in force at the time of each let, or
- arrange cover for lettings and arrange for the extra costs to form part of the letting fee, including the Insurance Premium Tax.

Where the school relies on the hirers insurance this must be checked to ensure that it is in the correct name for the individual or organisation, the period covers the date(s) of hire and that the activities are accurately described.

Schools will also need to consider other risks, such as damage to premises or furniture and equipment and decide whether such risks should be covered by insurance or a deposit system.

## **9.4 OPTIONAL INSURANCE**

Other insurance may be applied to schools depending on their individual circumstances and/or the desire of the Governing Body to insure against risk. The following list of examples is not exhaustive.

### **Lettings - Consequential Loss**

Where the premises is being hired to external organisations on a fee paying basis, in the event of damage rendering the premises unusable the income expected will be lost. Cover can be provided against this eventuality but to obtain an indemnity the loss must arise from an insured peril. The premium costs are based the net loss of fee income over an agreed indemnity period.

### **Vehicles – Hire and Reward**

If schools permit use by other schools or organisations or staff on a personal hire basis then they must ensure that appropriate insurance cover is affected.

### **All Risks – Specified Contents**

This type of cover provides for accidental damage, pure loss, theft from other than school premises. It may be expensive. It caters for “walk-in” thefts and items taken off the premises by teachers and/or pupils, but excludes losses from unattended vehicles.

### **Personal Accident (Pupils)**

This insurance cover can be provided to individual pupils and the premiums paid by parents on an annual basis. This covers risks of injury associated with sporting and other events where there is not negligence by the school or its staff in the arrangements or supervision of the event or activity.

### **Personal Accident (Governors)**

Such cover applies in respect of accidents occurring during the course of their duty as a Governor. Benefit scales apply ranging from death to loss of fingers/toes.

## **9.5 PARENT/TEACHERS ASSOCIATIONS/FRIENDS OF SCHOOLS ACTIVITIES – LIABILITY COVER**

These operate, in general terms, outside the formal remit/responsibility of the school/LA but school staff should ensure when they are advising these bodies preparing events or activities that the body takes account of risks involved and takes out appropriate insurance cover. Examples would be the organisation of a fete where potentially dangerous events should be segregated and hired rides should have their liability insurance examined.

## **9.6 CONTRACTOR'S INSURANCE**

Schools may use independent contractors, rather than the Council's term contractors but no contractor should be engaged unless they can satisfy the Council's insurance requirements. These require a current policy of insurance for Public/Employers Liability, minimum £2/10 million respectively. The policy must be in force at the commencement of the work and remain in force for the duration of the contract. If the expiry date is during the contract period you will need to seek confirmation of renewal. The business described on the policy should be appropriate to the nature of the work being undertaken.

It is also important to remember that the size of the contract or contractor to some extent is irrelevant and insurance cover needs to be adequate in relation to the risk presented by the nature of the work to be undertaken.

## **9.7 EMPLOYEES' MOTOR INSURANCE – BUSINESS USE**

If a member of staff uses their own vehicle for school business, no matter how infrequently, the school must ensure, by physical checking of their insurance policy that the driver/owner's policy covers that activity.

## **9.8 CONTACT POINT**

Queries about matters in this section should be made to the Council's Insurance Section on 020 8359 7198