

Select Committee on Culture & Recreation – 15th September 2005

Report of the Director Finance

Liability insurance arrangements relating to community groups or associations

Purpose of Report

1. To examine the feasibility of different insurance arrangements for community groups and associations using Council facilities.

Background

Current Position

2. The current position regarding insurance for community associations or groups is that they are recommended to arrange their own public liability insurance cover. Arranging cover then insures the group or association for all eventualities. For example, if a group hires a D.M.B.C. venue, it would be covered in its own right. Indemnifying the Council is an explicit requirement of a hire of a venue and this is stated “Halls for Hire”, Conditions and Regulations of Hiring Accommodation” a similar clause is also contained in the terms and conditions of hiring school premises

Insurance position prior to 3rd September 2004 – with regard to community groups

3. Prior to this date, Council facilitated, via its broker, the administration of insurance policies for associations. Acting under the direct advice of the Council’s specialist broker for this area AON, this facility stopped. The rationale behind the broker’s advice was three fold:
 - Associations/groups are separate legal entities
 - Council has no insurable interests
 - If Council acts as a facilitator, there is a potential to become engaged in liability disputes.

All associations subscribing to the arrangements were advised by letter that all correspondence should be now addressed directly to the then insurer (Charity Assured Team, Aon Commercial). It was felt this change would benefit the associations concerned in that, they were then able to correspond directly with dedicated specialists in this field and tailor their needs accordingly.

Financial implications of these changes to community groups

4. Enquiries with 2 insurers as to current costs of purchasing cover have been made. Annual premium quotations ranged from £150.00 to £350.00 for large community associations. Our financial records show these rates are in keeping with those afforded prior to September 2004. This indicates that insurers have not sought to take advantage of the changes and cover would appear reasonably costed.

Neighbouring Authorities

5. Enquiries with our neighbouring councils have been made and they confirm that that insurance arrangements for community associations/groups are dealt with by outside insurers/brokers i.e. in much the same way as Dudley now operates.

The importance of cover

6. In the current climate of potential litigation, the need to have insurance cover has become even more important. The following simple examples show how potential liability claims could affect D.M.B.C or a community association/ group.

Example: - Dudley M.B.C.'s liability

7. XYZ Community Group has hired a D.M.B.C venue. An accident occurs due to defective floorboards and one of the group's members trips and is injured. Should a claim arise in this instance, it is most likely that this would be deemed the liability of D.M.B.C and not the user group. The claim therefore would fall against the Council's liability policy.

Example: - The hirers or user group's liability

8. The hiring group has arranged and brought in its own catering for its AGM some sandwiches are dropped, not cleared up and a user slips and is injured. The Council would repudiate liability in this instance and the individual might wish to seek compensation from those organising the event.

The benefits of cover

- The association or group can be assured it has financial recourse in the event of it being found liable in negligence claim.
- All activities of the organisation are covered, wherever or whenever they take place.

Finance

9. No direct implications arising from this report.

Law

10. No direct implications arising from this report.

Equality Impact

11. No direct implications arising from this report.

Recommendations

12. It is recommended that:

- Committee notes the contents of the report.

A handwritten signature in black ink, appearing to read 'M. Williams', with a long horizontal stroke extending from the end.

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Mike Williams
Director of Finance

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