



NCOSS Insurance Program



Insurance Purchasing Errors

During my time on the NCOSS Insurance Program I have talked to several organisations that have made mistakes purchasing their insurance. Some of the most common ones have been detailed below:

Burglary vs Theft: Organisations confusing the definitions for burglary and theft – one insurer defines ‘burglary’ as forcible and violent entry and ‘theft’ as entry without force, while another provides the exact opposite definition. This can not only leave you purchasing the wrong insurance but the difference in premiums can be as much as 10% of the insured value.

Professional Indemnity: Organisations obtaining professional advice cover when they want professional indemnity. Professional indemnity covers breach of professional duty of care. Some insurers provide cover for professional advice under a public liability policy only, which means that only bodily injury will trigger a claim. This cover is not the same as full professional indemnity which also has a financial injury trigger amongst other benefits.

Directors and Officers: Organisations not being covered for their employment practices liability - that is, cover if your organisation is sued for an unfair termination or other illegal employment practice. Some Directors & Officers policies automatically provide for employment practices liability, other policies do not. If you are employing people, consider this option as it is one of the highest claim areas under this particular insurance.

Money Insurance: Organisations taking out money insurance for the value of \$200 being stolen. Money usually has a minimum deductible (that is, an excess) of \$200 and a minimum premium (usually \$100). Therefore the organisation is paying \$100 to cover \$200 being stolen and they wouldn't receive anything from a claim anyway because there is a \$200 excess.

Volunteer Personal Accident: Not purchasing Volunteer Personal Accident Insurance or purchasing the wrong benefit amounts. Many organisations are under the misapprehension that public liability will provide money for the organisation's volunteers if that volunteer has an accident while they are volunteering. This is not the case. This cover is provided under Volunteer Personal Accident. Check the volunteer age limits when purchasing. Also check the amounts paid under a weekly benefit against the types of pay your volunteers receive.

Public Liability: Organisations not informing the insurer of all their activities. If the insurer doesn't know you undertake an activity you may not be covered for it. So ensure you write down ALL of your activities including fundraising, barbeques, and events, and inform the insurer when you want to commence a new activity within the timeframe of your policy.

Contract Indemnities or Notified Third Parties: Many organisations do not inform their insurer that they have signed a contract indemnifying a primary party or telling that party they will include them on their insurance schedule. [*Note that a primary party is the organisation that wrote the contract, eg if you are signing a contract to hire Council's premises, Council would be the primary party*]. If you sign a contract (often a funding, room or grounds hire, contractor or premises lease contract) saying you will do these things you **MUST** inform your insurer otherwise they can refuse a claim. It is best practice to inform the insurer **BEFORE** you sign the contract – so if they refuse to cover the indemnity you can then renegotiate that clause with the primary party.

Read the Schedule CAREFULLY: I recently talked to an organisation who thought they had purchased all their property, public liability, professional indemnity and volunteer personal accident insurances under one cover. When we looked at their schedule they had only purchased public liability and were not covered for any other insurance.

Disclaimer: *While every effort has been taken to ensure the contents of this information sheet are accurate, NCOSS accepts no liability for any loss or damage which may be incurred by any person acting in reliance upon the information. It is important that you discuss any issues that arise with an authorised insurance provider before making a decision on your insurance purchase.*

The NCOSS Insurance Program has established a nation-wide bulk buying insurance scheme (NCOSS Community Cover) and provides information and education on insurance and risk management for the not-for-profit sector. To obtain a quote for NCOSS Community Cover contact Aon Risk Services on 1300 363 764 or email ncoss@aon.com.au.