



Insurance Information Sheet

Insurance and Driving as part of Volunteering

Summary

Drivers have insurance to compensate for unforeseen adverse situations. Volunteers using their own cars for volunteer work need car insurance for the same reason. There are however, a few additional factors that volunteer drivers and the community organisation for which they work, need to consider. This information sheet lists the relevant insurances; Compulsory Third Party (CTP), Third Party Property, Comprehensive, Motor Non-owned and Personal Accident for Volunteers, and risk factors to consider.

Insurances Relevant for Driver Volunteers

CTP Green Slips

Compulsory Third Party or CTP personal injury insurance must be taken out when registering a motor vehicle. It is linked to that vehicle and provides compensation for people killed or injured when the driver is at fault in an accident and, in certain circumstances, regardless of who was at fault.

Note that a Green Slip will only cover the vehicle if it is registered. If it is not registered the volunteer may be personally liable for any injuries caused in a motor vehicle accident. CTP insurance is controlled by State legislation and is different in each state.

The Motor Accident Authority is the regulating body responsible for CTP matters in NSW and can provide advice on CTP insurance (www.greenslips.nsw.gov.au).

Australia wide, 24 hours a day, CTP insurance covers:

- passengers
- other road users, such as drivers, passengers, pedestrians, cyclists, motor cyclists and pillion passengers
- injuries caused through the use of a trailer

It does **not** cover damage to **property** or **other vehicles**.

Note also that the 'at fault' driver is not covered for personal injury unless the injury is defined as catastrophic. In this case, the Lifetime Care and Support Scheme (LTCS) provides cover for lifetime medical care and support for *everyone* catastrophically injured in a motor accident regardless of fault. You can get more information about this, including definitions of catastrophic injuries from the Motor Accident Authority (www.maa.nsw.gov.au).

There are also several companies (eg NRMA) that provide CTP *Driver at Fault* cover as an add-on to their CTP policy. NRMA provides this at no charge to NRMA CTP customers. This policy add-on is additional to the CTP and is not part of the legislated covers provided by the CTP insurances. This *Driver at Fault* product will pay compensation for a limited list of specified injuries and disabilities up to \$250,000 (at March 2009) for the driver.

NCOSS Community Cover providers are also working on some policy extensions to remedy this 'driver at fault' problem.

Third Party Property Insurance

This insurance is taken out to cover the damage done to the car and other property of a third party (another person or organisation) as a result of a car accident. It does **not** cover the **driver's car** or injuries to **people**.

It is very strongly recommended that volunteers who are using their vehicles to do work for an organisation have at least third party property motor vehicle insurance. It is suggested that volunteers not be permitted to use their vehicles without third party property insurance.

Comprehensive Car Insurance

Comprehensive car insurance is designed to cover the damage to or theft of the driver's (the volunteer's) car as well as the damage to the car and other property of a third party (another person or organisation) as a result of a car accident. It does **not** cover injuries to **people**.

It is strongly recommended to require volunteers using their vehicles to do work for an organisation to have their vehicles comprehensively insured. This can be a significant cost for the volunteer. It is a policy decision to be made by your organisation (depending on your funding agreements) on whether or not you insist on comprehensive insurance and if you compensate the volunteer for the cost. It is possible to create a waiver agreement with a volunteer who decides not to take out comprehensive insurance, for example:

You .. (volunteer) .. acknowledge that you have chosen, against our recommendation, not to have comprehensive car insurance. You (volunteer) understand that (our organisation) will not be liable for any costs as a result of the theft or damage to your vehicle while you are volunteering.

If an organisation decides to create such a waiver agreement it is possible to set a maximum value for the car, such as \$2,000. It would be of concern if a volunteer wanted to use an expensive car without comprehensive insurance and it is

recommended here that that not be permitted. Any waiver agreement created should be checked by a solicitor or a licenced insurance and financial advisor, such as a broker or insurer.

Motor Non-Owned Insurance Policies

This policy is taken out when volunteers (or staff) are using their own vehicles to do the work of the organisation. This policy doesn't cover the vehicle but covers the costs of claiming on the volunteer's own insurance as a result of an accident, i.e. it covers the payment of the insurance excess, the loss of a no-claim bonus at the time of the accident and it may cover some other costs such as the hire of an alternative vehicle.

Personal Accident for Volunteers Insurance

At this stage, volunteers insurance will not respond to provide support for volunteers injured in a motor vehicle accident since this is overridden by other legislation.

Advice we have received says:

Voluntary Workers Personal Accident Policy ... would not respond as the policy wording is over-ridden by legislation such as Workcover & CTP. Therefore the CTP Legislation would override the Voluntary Workers Personal Accident policy, similar as Workers Compensation Legislation would override a Personal Accident Policy as well.

Other Considerations

How does volunteer work affect the car insurance of the volunteer?

Driving their own car as part of volunteer work may affect the volunteer's car insurances. There are a few variables which are relevant, such as how many times a year, how far they drive and what compensations they are given. Volunteers need to check with their insurers to see if the activities affect their insurances. It is possible that a volunteer needs to upgrade their car insurance from private to business and it would be possible for an organisation to make a policy to enable them to compensate a volunteer if this happens.

Check the online NCOSS Information Sheets:

“Do You Use Your Car For Work Or Volunteering Purposes?”

“Employee's Ownership and Insurance of Motor Vehicles”

<http://www.ncoss.org.au/content/view/1628>

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Volunteers and Criminal Charges

When a volunteer is driving their car as part of their volunteer work they are expected to follow the laws of NSW with regard to how they drive, where they drive and where they park. This is the same as for driving anywhere else, for any other purpose, at any time and it is standard practice that an organisation will not pay any fines for driving or parking offences.

If a volunteer gets charged with a criminal driving offence, such as driving under the influence of drugs or alcohol, it may limit their ability to claim on their comprehensive or third party property motor vehicle insurance. Volunteers should check with their insurer about this.

At this stage, organisations do not cover the costs for a volunteer to defend a criminal charge and there are no insurances or funds available for this purpose. It may, however, be possible for an organisation to create a policy that offers financial relief to a volunteer who had to pay to defend himself from a criminal charge and is subsequently found not-guilty. If such a policy was developed it is suggested that it should have strong financial and situational limits on it e.g. \$5,000 and limited to driving offences only. Any policy created should be checked by a legal representative such as a solicitor and relevant funding bodies.

This is a subject that deserves further investigation.

Check List for Service Organisations

If an organisation uses volunteers who are required to use their personal vehicles for volunteer activities, the following is recommended:

- Sight a current valid NSW driver's licence
- Sight current NSW registration papers for the vehicle being used
- Sight current CTP insurance
- Sight proof of comprehensive or, at the very least third party insurance

Check List for Driver Volunteers

If a volunteer uses their personal vehicle for volunteering work it is recommended that they do the following:

- Check that their registration and CTP insurance is up to date
- Check to see whether the CTP insurance has *Driver at Fault* add on cover
- Check with the insurer that any volunteering activities do not affect the insurance cover
- Insure with fully comprehensive cover.

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The Basic Rules of Insurance

As with all insurance:

- Read the Product Disclosure Statement; especially look at the “exclusions”
- Read the Policy Schedule: especially look at the payment “limits”
- Ask the insurer or broker to explain anything that is not clear
- Get legal advice from a solicitor or licensed financial advisor

Useful Links

Our Community:

http://www.ourcommunity.com.au/insurance/insurance_main.jsp

NSW Dept of Fair Trading:

<http://www.fairtrading.nsw.gov.au/>

Law Access NSW:

www.lawaccess.nsw.gov.au/

The NCOSS book “Insurance: What’s It All About” can be purchased from

<http://www.ncoss.org.au/publications>

Contact NCOSS in Australia on 02 9211 2599 or www.ncoss.org.au

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