

SUMMARY OF INSURANCE COVER OPTIONS FOR ACADEMIES

This summary is intended as a simple guide to explain the main types (or classes) of insurance cover available to academies. We have included brief descriptions of the cover together with suggestions about selecting financial limits. The list is not exhaustive and academies should seek advice about other types of insurance that might be required to meet specific risks.

SCHOOL COMBINED OR PACKAGE POLICY		
1. PROPERTY INSURANCE		Comment by Risk2Value Ltd
<p>Cover: All Risks of physical loss of or damage to property including risks such as fire, storm, flood, escape of water, vandalism, theft, and accidental damage. 'Full theft' (walk-in theft) can be covered. Terrorism should be insured.</p>		This is the standard form of cover to be found under a Schools Combined Package or similar policy
<p>Property insured:</p> <p>1. Buildings</p>	All of the buildings you occupy including fixed services, walls, fencing, car parks, sports facilities and the like	If you rent property, you may still be required to insure it by the lease
2. General Contents (sometimes called machinery & plant)	Includes office contents, furniture, fixtures, teaching and other equipment	Make sure your policy includes transit risk to cover school property which you may carry with you (to conferences or training sessions) or keep at home
3. Audio and video equipment, musical instruments and other property		
4. IT Equipment	IT equipment can be included in general contents or insured separately on a Computer Policy	
5. Other equipment (grounds equipment)		
N.B. All sums insured should represent the cost of replacement 'as new'		
<p>Inflation Protection: It is important that the sums insured you select take into account the effect of future inflation. If a serious loss occurs at your school, i.e. a major fire, you could be faced with an extended rebuilding period, perhaps 2 or 3 years, particularly if this loss happens at the end of an insurance year.</p>		An automatic inflation factor can be included, usually known as 'Day One' cover. You agree the correct sum insured on the first day of the policy period and insurers allow an additional % amount, usually 15% or 25%, for future inflation
Policy excess/deductible:	Usually £250 as a minimum. A higher excess usually applies to any damage caused by subsidence – possibly £1,000 or £2,500.	You can select a higher excess or it may be imposed by an insurer, particularly for theft losses and depending on security arrangements

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2. BUSINESS INTERRUPTION		Comment by Risk2Value Ltd
<p>Cover: Loss of revenue and/or increase in cost of working caused by interruption or interference in the teaching and other services you provide following material damage insured under the Property Section.</p> <p>N.B. DfE instructions in the Financial Handbook relate to insuring only the increased costs required to continue provision of services. These include (but are not limited to) the cost of hiring alternative premises or temporary portable buildings, extra transport costs and the like.</p>		<p>The cover provided follows that under the Property Insurance section and will be subject to a claim being covered by that section.</p> <p>Academies might also consider insuring revenue derived from non-DfE/YPLA income streams, such as lettings and the like.</p>
<p>Indemnity period:</p>	<p>This is the period during which the cover will operate after the loss has occurred.</p>	<p>The Indemnity Period starts at the date of the loss and ends when you are 'back in business' taking account of the worst case scenario, which could be the total destruction of your school. It could be a lengthy period – perhaps 2 or 3 years.</p>
<p>Sums insured:</p> <p>1. Loss of Revenue and/or</p>	<p>Normally a multiple of annual revenue</p>	<p>This depends on the Indemnity Period selected (see above). If you feel you need 24 months cover then the sum insured will be double your non-DfE revenue <u>and</u> estimate of the increased costs you might incur as a result of a significant loss. These extra costs can be substantial</p>
<p>2. Additional increased cost of working</p>	<p>A limit that you select to meet the extra costs you may incur in keeping your Academy operational</p>	
<p>Excess:</p>	<p>Nil</p>	<p>It is unusual to apply an excess</p>
3. MONEY		Comment by Risk2Value Ltd
<p>Cover: Loss of money from the premises, employees homes or whilst in transit</p>		<p>A standard form of cover included under a Schools Combined policy.</p>
<p>Sums insured: A range of limits covering money (cash and bank notes usually) while on your premises either during business hours or outside business hours; and in transit to and from the bank. Policies contain separate limits depending on where money is kept. Limits are selected by you.</p>		<p>Many 'package' policies give a measure of cover automatically. Otherwise you will need to select the limits you need.</p>

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Money on the premises outside business hours can be kept in petty cash tins, cash tills or other locked receptacles.		If catering services are provided by an external contractor, you should check to establish whether the contractor or the school is responsible for takings from catering.
Higher limits can apply if you have a safe.		Covers can also include money while in the possession of a PTA while on your premises or kept at home overnight.
Personal assault extension: Provides cover for death or disablement following hold-up	Benefits are selected by you	Personal Accident Assault: This cover provides benefits in the event that members of staff are assaulted while carrying cash to and from the bank or while on school premises. Policies are often extended to include any assault on school premises. Benefits are provided as lump sums, usually in multiples or 'units' of £5,000 or £10,000. See also Personal Accident cover
Excess:	Usually Nil	

4. PROPERTY IN TRANSIT		Comment by Risk2Value Ltd
Cover: for all property and goods while in transit		<p>It is unlikely that you will require any extra cover over and above that provided by a Schools Combined package. Theft from unattended vehicles may be limited.</p> <p>Make sure that you consider sports equipment that may be taken away from the school, including any boats you may tow to events.</p>
Sums insured: If not already covered by the Property Damage section above, this cover can be taken out separately	Limits are selected by you that reflect the amount at risk at any one time, such as property you carry away from the school	
Excess:	Normally quite low	

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5. COMPUTER		Comment by Risk2Value Ltd
<p>Cover: All risks of physical loss or damage to all computer and ancillary equipment owned, leased or hired to you.</p> <p>Cover may also include breakdown cover, which is wider than the cover provided under the Property Damage section of a Commercial Combined policy (see 1 above.)</p>		Similar cover, excluding breakdown, can be arranged under the Property Damage section of the Combined policy.
Cover can also include the extra costs incurred in recompiling lost data and hiring temporary equipment while your damaged/lost property is repaired or replaced.		You may have to demonstrate that you have a Business Continuity Plan in place
Sums Insured:	To be selected by you	You will usually be asked to provide a split in replacement costs between equipment in server rooms, general IT equipment such as PCs, and laptops,
Excess	To be selected by you although insurers may apply an excess dependent on levels of security	The excess applicable should be the same as the Property Damage section for consistency
6. EMPLOYERS LIABILITY		Comment by Risk2Value Ltd
<p>Cover: To indemnify employees should they be killed or suffer injury or disease while at work and it can be proved that you have been negligent. As with Public Liability, cover includes legal defence costs.</p>		This cover is required by law to provide compensation for disease or injury (or death) to employees
Limit of Indemnity:	<p>At least £10,000,000 but normally £20,000,000 or £25,000,000 is purchased</p> <p>Inner limits may apply to Legionellosis, terrorism and Corporate Manslaughter defence costs</p>	The law states that you must have at least £10,000,000 of cover. Again, the rule of thumb is to estimate the accumulation risk that you might face, which in your case could be high, given the number of employees together at one time.
Excess:	Nil	It is unusual to have an excess applied to this cover

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7. PUBLIC & PRODUCTS LIABILITY		Comment by Risk2Value Ltd
<p>Cover: To indemnify you against claims made against you by third parties (not employees) for injury, death, or damage to their property when you are negligent. Examples will include your pupils/ students, parents, other visitors to your school and the general public (including users of facilities you may hire out).</p> <p>Cover also applies to goods or products you supply (such as food) but <u>not</u> advice that you give or provide</p>		<p>Cover will also include the legal costs of defending claims made against you. It should also include manslaughter defence costs.</p>
<p>Limits of Indemnity: Public Liability Product Liability Hirers Liability</p>	<p>Limits to be selected by you but you must consider the worst case scenario where a large number of people may be in one place at on time.</p> <p>Hirers Liability will apply to third parties who may use your facilities and may not have this cover in their own right to protect their own liability for injury or damage to your premises. The limit for this cover is normally much lower.</p>	<p>We would recommend a minimum level of cover of £10,000,000 and suggest £20,000,000 could be more appropriate. Premiums do not increase in direct proportion to the limit chosen, so extra cover of £10,000,000 will not double the premium.</p> <p>The limit selected for Hirers Liability is normally up to £1,000,000 or sometimes £2,000,000.</p> <p>Worldwide Jurisdiction cover is usually included for trips abroad.</p>
<p>Excess:</p>	<p>£250 applying to property damage only</p>	
8. GOVERNORS LIABILITY		Comment by Risk2Value Ltd
<p>Cover: Legal liability for damages, costs and expenses for wrongful act committed, attempted or allegedly committed by any Governor of the school (or director if the school is a company) in carrying out their duties as a Governor (or director). Libel and Slander cover is often included.</p>		<p>This cover applies to legal liability for the actual management of the school (or company) as applied by the relevant legislation.</p>
<p>Limits of Indemnity:</p>	<p>To be selected by you. As with other legal liability policies, cover includes legal defence costs.</p>	<p>In this cover, the limit applies in aggregate in any one year. It is usually up to £1,000,000 but some schools select higher limits</p>
<p>Excess:</p>	<p>To be agreed with insurer</p>	<p>Typically, the excess will be £500 to £1,000</p>

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9. PROFESSIONAL INDEMNITY		Comment by Risk2Value Ltd
<p>Cover: To indemnify you against liability arising from breach of duty by reason of a negligent act, error or omission; libel, slander (if not insured elsewhere) or other form of defamation; and loss of documents.</p>		<p>This cover really relates to your liability as a result of claims for 'failure to teach'. In some cases, schools may also have separate income generating activities that involve the provision of advice (for example, teaching aids or services) for which a charge is made to others.</p> <p>Insurers provide this cover in a variety of ways. Some include it as a combined policy with Governors Liability while others may include it under Public Liability.</p>
<p>Limits of Indemnity:</p>	<p>To be selected by you and should represent your estimate of the maximum amount that a claimant could sue you for.</p>	<p>This limit applies in aggregate in any one year and includes the cost of defending any claims made against you. Normal limits range from £1,000,000 to £5,000,000.</p>
<p>Excess:</p>	<p>To be selected by you or may be applied by insurer</p>	<p>Typically, the excess will be £500 as a minimum.</p>
10. MOTOR		Comment by Risk2Value Ltd
<p>Cover: Comprehensive including damage to own vehicles and injury to third parties or damage to their property</p>		<p>This will only be relevant if you own or operate motor vehicles</p>
<p>Vehicles: Any motor vehicle belonging to you or hired or lent to you, excluding employees' vehicles.</p>		<p>Please note that employees who may use their own cars on school business will need to ensure that they have the correct level of cover under their own private car policies.</p> <p>The individual's certificate of motor insurance will show the permitted use of the vehicle and should include the words '.....on their employers' business...' or similar.</p>

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<p>Drivers: Motor policies will cover any person who is licensed to drive a vehicle and, as far as your vehicles are concerned, are driving with your permission.</p>		<p>It is suggested that any member of staff who drives your vehicles be asked to confirm <u>annually</u> that they have had no accidents or convictions. This is to ensure that your motor insurance is not invalidated.</p> <p>Where members of staff are driving minibuses, it is also advisable to check that their licence permits them to do so.</p>
<p>Excess:</p>	<p>To be selected by you if relevant</p>	<p>Additional excesses will automatically apply to young or inexperienced drivers</p>

<p>11. OCCASIONAL BUSINESS USE</p> <p>On certain infrequent occasions, members of staff may be required to use their own vehicles on school business. An example might be taking a pupil to an event when no other transport is available. It is possible that the person's own insurance might not include personal business use (see note above).</p> <p>This policy is designed to provide the necessary insurance cover as a back-up in case no other insurance is provided.</p>	<p>Insurers usually ask for an estimate of the number of staff members who might be requested to use their own cars in these circumstances.</p>
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<p>12. PERSONAL ACCIDENT AND TRAVEL INSURANCE</p>	<p>Comment by Risk2Value Ltd</p>
<p>Covers:</p> <p>A. Personal Accident – covering employees, governors and pupils/students whilst engaged on official duties on your behalf. Typically, this will apply while at school or on school business and does not usually include daily travel between normal residence and normal place of work. Volunteers may also be included.</p>	<p>A Personal Accident policy provides benefits to you as the 'Insured', when an insured person is injured during the course of their activities as a result of any accident. Legal liability does not have to exist.</p> <p>You may be required to provide this cover under TUPE regulations relating to transfer of benefits given to employees under previous employment.</p>

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<p>Sums Insured or benefits: The benefits provided by a personal accident policy is will vary depending on the status of the claimant, degree of injury etc.</p>	<p>Personal Accident benefits are selected to provide 'lump sums' for death and permanent disability, and can also include weekly benefits for temporary disability.</p> <p>The lump sum benefits can be either a multiple of salary or a flat benefit. For example, members of staff often have the former, i.e. 3 x salary, and governors, students (and sometimes volunteers) have an agreed flat benefit, say £50,000.</p> <p>Staff Absence or Supply Teacher insurance is arranged separately.</p>
<p>B. Travel: School trips – covering employees, governors, students and volunteers while taking part in trips organised by the school or carried out on behalf of the school – either in the U.K. or abroad.</p> <p>Typically, Travel cover includes: emergency and other medical expenses; repatriation; travel and curtailment expenses; personal property; money; loss of deposit/cancellation expenses; and personal liability. Some policies will include extra covers such as payments in the event of delayed travel; legal expenses; and hospital benefits.</p>	<p>Travel benefits are selected to meet the usual needs of travellers. Medical Expenses insurance is normally set at £1,000,000 at least, to cater for the very high costs that can be charged in USA/Canada</p>
<p>Excess: Minor excesses automatically apply to travel cover.</p>	
<p>13. THEFT BY EMPLOYEE (Fidelity Guarantee)</p>	<p>Comment by Risk2Value Ltd</p>
<p>Cover: To cover long-term fraud involving either theft of money or property by members of staff.</p>	<p>Most schools insure this risk, usually for a limit of cover ranging from £250,000 to £1,000,000.</p> <p>Clearly, you will not require cover in excess of your annual revenue</p> <p>Systems of financial check must be in place, including taking of references and account reconciliation.</p>

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14. ENGINEERING INSURANCE & STATUTORY INSPECTION SERVICES	Comment by Risk2Value Ltd
<p>Covers:</p> <p>A. Engineering Insurance – provides cover on an All Risks basis for damage to plant such as boilers, pressure plant, lifting plant (including lifts) and other items such as fume cupboards.</p>	<p>Cover applies to all plant to be insured by you and a schedule will be required.</p>
<p>B. Engineering Inspection – many items of plant, such as boilers and lifts, must be inspected by competent engineers under statute. Specialist insurers provide this service.</p>	<p>Engineering inspection services are subject to V.A.T.</p>
15. LEGAL EXPENSES INSURANCE	Comment by Risk2Value Ltd
<p>Cover: To indemnify you against the cost of defending claims made against you. Cover includes employment disputes, criminal prosecution, property disputes, VAT or Revenue investigation.</p>	<p>Legal actions may be taken against you under a range of headings. These can include employment disputes, where you may be sued for wrongful dismissal, discrimination or similar. The policy will pay defence costs and also employment tribunal awards.</p>
<p>Sums Insured: There is normally a limit per event and also in any one year.</p>	<p>Cover is normally up to £100,000 for any single event and up to £1,000,000 in any one year.</p>
<p>Excess: An Excess may apply.</p>	
<p>Important:</p>	<p>The insurer must be involved in any dispute from the outset and having total control of the conduct of any claim.</p> <p>There is often a condition attached to this cover that will exclude any claims that are notified within a certain time period from the start of cover.</p>

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