About the Association of British Insurers

The Association of British Insurers (ABI) is the voice of the UK’s world leading insurance and long-term savings industry.

A productive, inclusive and thriving sector, we are an industry that provides peace of mind to households and businesses across the UK and powers the growth of local and regional economies by enabling trade, risk taking, investment and innovation.

Summary

- The ABI and the insurance industry has produced a range of guides covering insurance and the voluntary sector. These guides provide guidance and information for the voluntary sector on issues such as risk management in the voluntary sector, Trustee Liabilities, volunteer driving, event planning insurance and liability insurance for work experience placements.

- The ABI is committed to working with partners across industry and the voluntary sector to provide the clarity that individuals and organisations need in respect to insurance coverage.

- Much has been done to ensure that access to insurance is not a barrier for voluntary organisations and charities and the industry remains committed to supporting a thriving voluntary sector in the UK.

Introduction

1. We welcome the opportunity to contribute to the work of the House of Lords Select Committee on Citizenship and Civic Engagement. Voluntary organisations and charities play an important role in society but in the past, have expressed concern about access to insurance to support the valuable work that they do. In addition, employers have historically sought clarification about whether their employers’ liability insurance policies will cover workplace placement students. The insurance industry, working through the Association of British Insurers has sought to provide voluntary organisations, charities and employers the support and clarity they need and information on the issues they should consider in respect of their insurance coverage.

2. We remain concerned that the messages contained in the guidance documents we have prepared over the years continues not to reach those voluntary organisations and businesses that need to be aware of it. We would welcome any support that
the House of Lords Select Committee on Citizenship and Civic Engagement can provide in ensuring that the policy positions on the key issues set out below is disseminated to relevant organisations and representative bodies.

**Voluntary organisations**

3. Volunteers do so much good work in communities up and down the country. Voluntary organisation and charities often have specific insurance needs and the ABI works with insurers to ensure those needs can be met so that organisations can continue their important work.

4. Since 2005, when we produced guidance for the voluntary sector on risk management, the ABI has continued to seek opportunities to engage with the sector to improve their understanding of insurance. By helping individual volunteers, voluntary groups and charities identify and reduce the potential risks that they face in undertaking their activities, as well as providing consumer-friendly guidance on the insurance options available to help to manage those risks, the insurance industry is playing our part in helping to support healthy and vibrant voluntary and charitable sectors.

5. In 2014, the ABI, working in conjunction with a number of organisations, including the British Insurance Brokers Association and the Volunteer Liaison Group (which consisted of the ABI, Money Advice Service, Community Matters, the National Council for Voluntary Youth Services and the National Council for Volunteering England) produced *The Voluntary, Community and Social Enterprise Sector – an insurance guide for individuals and organisations*. This guide explains that the perceptions of risk can sometimes be overstated. It aims to provide a clear description of the types of insurance volunteer organisations might consider in helping to manage their risks and explains that insurers or insurance brokers can help organisations find the right product for an organisation’s specific needs.

6. As well as helping volunteers, the ABI has also produced *Trustee Liability Guide – A summary of the potential personal liabilities associated with becoming a trustee of a charity* in order to help trustees of charities identify and manage the risks associated with their unique role.

7. Further background is available on the ABI website and information on the specific insurance needs of an individual charity is also available from insurance brokers. We would welcome the opportunity for the House of Lords Select Committee on Citizenship and Civic Engagement’s work to continue our work in disseminating this information to the charities and volunteer organisations who would benefit from its use.
**ABI’s Volunteer Driving Commitment**

8. Although some insurers cover volunteer driving within regular motor insurance policies, others may charge an extra premium or impose a higher excess for volunteer drivers. In order to provide useful information and additional clarity to volunteer drivers, in 2011 the ABI coordinated and produced *Volunteer Driving: The Motor Insurance Commitment*. This document sets out the specific requirements and positions of individual insurance companies in relation to volunteer driving, e.g. some insurers want volunteers to contact them to inform them that customers intend using their vehicle for volunteering purposes whereas other do not require any contact from the customer; some firms require an additional premium to be paid whereas others will not require any additional premium. We aim to keep the information contained in the ABI’s Volunteer Driving Commitment as up-to-date as possible and it was last updated in October 2017.

**Insurance for public events**

9. An issue that is sometimes raised with us it that voluntary organisations have difficulty in accessing insurance for one-off events. We do not consider that accessibility of insurance is an issue given that a well-functioning, competitive market exists for this type of insurance. Two points seem pertinent here:

- There is perhaps a perception that insurance cover for a one- or two-day event ought to cost much less than it actually does. Clearly, most voluntary organisations are not wealthy and costs impact upon them significantly. However, costs reflect the risk and potential liabilities. Outdoor events with what may seem to be relatively innocuous activities can in fact present a risk of significant injury and damage to people and property, e.g. an unsecured bouncy castle could result in serious injury to children.
- Short-term insurance policies can be disproportionately expensive due to economies of scale. From an insurer’s perspective, the relative costs of setting up an annual policy and a two-day policy are not significantly different: they can both include the same amount of employee time and costs of reinsurance.

10. Against that backdrop, we have made significant efforts in recent years to explain these issues to the voluntary sector and continue to do so. In June 2013 we produced a guide for voluntary organisations called *Celebrate! An ABI Guide to Planning an Event* which is designed to help voluntary organisations to consider some of the risks that their event might pose and how to mitigate them.

11. Again, we would welcome the opportunity presented by the Committee on Citizenship and Civic Engagement’s work to disseminate this information to those who need to be made aware of it.
Insurance and Work experience

12. The insurance industry has done a great deal in recent years to disseminate information on the insurance position for those firms who host work experience students in their businesses. Despite these efforts, myths continued to persist. In June 2013, Government Ministers and the ABI announced that the insurance industry had committed to treat work experience students as employees for the purposes of insurance against bodily injury and confirmed that simply giving work experience opportunities to students will not, in itself, impact on insurance premiums. We produced a guide for insurance and work experience for dissemination to the business community.

13. At the same time, the Health and Safety Executive issued guidance providing clarity to employers on their obligations in terms of risk assessments reinforcing that a business does not need to repeat risk assessments that already undertaken for each new work experience student. The Department for Education and Ofsted also published guidance to clarify the health and safety responsibilities for educational establishments organising work experience opportunities.