Insurance
A guide for schools
Executive summary

This guide contains practical advice on insurance issues that might affect schools in the maintained sector. It is intended for school staff, for example school business managers, rather than insurance professionals.

The guide explains how the insurance market is structured and describes the roles of various types of insurance organisations. It classifies the various insurable risks that schools may encounter and explains who has responsibility for arranging and paying for insurance. It outlines the process for obtaining quotations, choosing an insurer and putting insurance cover in place. It also looks at risk management and considers the different types of insurance cover available.

This guide provides general advice only, because each school has its own individual insurance needs and every local authority has its own particular requirements for insurance cover. You may find it useful to refer to Table 2 on page 8 of the guide. This outlines at a glance the extent to which insurance for different purposes might be essential or desirable for schools. Before making any decisions on insurance, school staff should always seek advice from a local authority, an insurance association, an insurance broker, a specialist school insurer or another expert in the insurance field.
## Contents

**Introduction**

**PART 1: GETTING INSURED**

1 What is insurance for? 4
2 The insurance market for schools 5
3 Types of risk 7
4 Responsibility for funding and arranging insurance 9
5 Getting quotations 12
6 Choosing an insurer 15
7 Risk Management 17

**PART 2: TYPES OF INSURANCE**

8 Main types of insurance cover 19
   Property risks 20
   Financial risks 23
   Liability risks 27
   Personal injury risks 33
   Miscellaneous risks 34

9 Insurance for special activities: examples 37
   Example 1 – Hiring out school premises 37
   Example 2 – Organising an educational visit 38
   Example 3 – Using contractors 42

Appendix A: Glossary 43
Appendix B: Insurance for different types of schools 47
Appendix C: Sources of information 52
Introduction

This guide contains practical advice on insurance issues that might affect your school.

Part 1 looks at:

• the insurance market for schools
• types of risk
• who has responsibility for insurance
• getting quotations
• choosing an insurer
• risk management.

Part 2 looks at different types of insurance cover, and includes specific examples of three school activities where special risks arise and where insurance matters may need to be specifically addressed:

• hiring out school premises
• organising an educational visit
• using contractors.

Appendix A is a glossary of insurance terms. Glossary terms that appear in the guide are in bold the first time they appear.

Appendix B outlines insurance requirements for different types of schools.

Appendix C lists sources of useful information.

Note: This guide can only give you general advice on insurance. Your school will have its own individual insurance needs and your local authority may have its own requirements for insurance cover.

Always get advice when you are arranging insurance from at least one of the following:

• a local authority insurance/risk management officer
• a professional insurance broker with specialist knowledge of school risks
• an insurance association that specialises in school insurance
• an insurance company that specialises in school insurance.
1 What is insurance for?

1.1 Insurance is a device for spreading risk. It does this by spreading losses:

- among a large group of policy holders
- over time.

1.2 For individual policy holders the benefits are:

- the funding of large losses that otherwise could not be borne (such as a major fire in a school)
- smoothing the impact of losses over time, making budgeting easier.

Insurers can also offer useful advice on the reduction and general management of risk.

1.3 Generally, insurance can only protect against losses that arise from particular accidental events. It does not usually cover ‘operational’ risks, such as the losses that a school might suffer if it failed to attract a sufficient number of pupils, or if members of staff went on strike.

1.4 In some areas schools may choose to bear the risk themselves in the interests of value for money i.e. self insure.

2 The insurance market for schools

2.1 The insurance market for schools is shown in the diagram below.

Table 1: The School Insurance Market

<table>
<thead>
<tr>
<th>Insurers</th>
<th>Intermediaries</th>
<th>Local Authorities</th>
<th>Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies and Lloyd’s syndicates</td>
<td>Insurance broker</td>
<td>Insurance broker</td>
<td>Insurance broker</td>
</tr>
<tr>
<td></td>
<td>Other agency (e.g. diocese)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insurance fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insurance bought directly from insurer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.2 The market is made up of:

- insurers
- intermediaries including insurance brokers and other agencies
- local authorities.

We will look at each of these next.
3 Types of risk

3.1 There are many ways of classifying risk, but in this guide we have divided the risks that affect schools into the five categories below.

- **Property risks**: for example, loss or damage to school buildings, contents or other school property.
- **Financial risks**: for example, the extra cost of running a school following a fire, or unexpected legal expenses.
- **Liability risks**: for example, the legal obligation to compensate a pupil, teacher or member of the public who is injured as a result of negligence on the part of someone representing the school.
- **Personal injury risks**: for example, accidental bodily injury to pupils or staff, or assault upon them.
- **Miscellaneous risks**: a variety of types of insurance, such as motor, school journey or travel insurance.

3.2 Within each category several different types of insurance are available. A typical school insurance policy may include up to 20 types of cover, with a separate part of the policy for each. Cover usually comes as a package, but with some flexibility on levels of cover and types of insurance included.

3.3 The table below shows the different types of risks with an indication of whether insurance is:

- **Compulsory in law**
- **Essential in practice**
- **Desirable, depending on the circumstances of the school**
- **Optional, depending on the circumstances of the school**.

Note: Insurance companies structure their policies in different ways and sometimes use different names for the same type of cover so your school insurance policy may not match the chart exactly.
4 Responsibility for funding and arranging insurance

4.1 It is important to know who is responsible for paying for and arranging insurance.

4.2 Paying for insurance

The funding of insurance for maintained schools is currently governed by Regulations under the School Standards and Framework Act 1998.

4.2.1 Local Education Authorities can retain funding centrally for insurance within their Local Schools Budget. Alternatively, they may delegate resources for insurance to all or some schools. If they take the former course a school can still request to have insurance funding delegated to it on an individual basis.

4.2.2 LEAs are not obliged to delegate what a school actually has to spend on insurance, only the ‘appropriate portion’ of the authority’s planned expenditure on insurance. If an LEA does not insure it must delegate the ‘appropriate portion’ of the amount that it would have spent if it had chosen to insure.

4.2.3 Even if a school does not have funding delegated specifically for insurance in its budget share, there is nothing to stop a school governing body spending funds from the budget share on insurances to supplement the cover paid for centrally by the LEA.

4.3 Arranging insurance

4.3.1 If your school has delegated funds for insurance in its budget share, the governing body of the school is responsible for arranging insurance by:

- buying private insurance (‘insuring externally’)
- ‘buying back’ into the LEA central insurance scheme
- or a combination of both.

---

Table 2: The main types of insurance for schools

<table>
<thead>
<tr>
<th>Property risks</th>
<th>Financial risks</th>
<th>Liability risks</th>
<th>Personal injury risks</th>
<th>Miscellaneous risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material damage insurance (E)</td>
<td>Business interruption insurance (E)</td>
<td>Public liability insurance (E)</td>
<td>'Professional' liability insurances (E) (Officials' indemnity, Governors' liability etc.)</td>
<td></td>
</tr>
<tr>
<td>Engineering insurance (D)</td>
<td>Fidelity insurance (D)</td>
<td>Libel and slander insurance (D)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal expenses insurance (D)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply teacher insurance (O)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*LEAs may ‘self-insure’ the employers’ liability risk if they wish, though most buy employers’ liability (EL) insurance. EL insurance is compulsory if school staff are not employed by the LEA e.g. if the school governing body is the employer.

Key: C = compulsory in law
E = essential in practice
D = desirable, depending on the circumstances of the school
O = optional, depending on the circumstances of the school

---

Note: Inspections of some equipment are compulsory by law – see page 22.
4.4.4 The same principles apply to liability insurance. For example, a school's employers' liability insurance, which covers the legal liability of the school for injuries to employees that might arise in the course of their employment, should cover the interest of the organisation that employs the teachers and other staff. Other forms of liability insurance, such as public (general) liability, should cover the interest of the body or bodies that have legal responsibility for the activities of the school and legal occupation of its premises. Because a liability claim could be made after an accident against the individual who actually caused it, such as a member of staff or pupil, liability insurance extends to protect such individuals personally.

4.4.5 Employers should make sure that their insurance arrangements provide full cover for claims arising from actions of staff acting within the scope of their employment. They should seek to reassure staff who volunteer for certain roles, such as being a first aider or providing a medical support role to a pupil, that they are acting within the scope of their employment and are indemnified.

4.4.6 Appendix B gives more details on the insurable interest for different types of school.

4.3.2 If you choose a combination of both, ‘core’ insurances are likely to be placed with the LEA and specialised or supplementary covers arranged privately (such as supply teacher insurance, extra cover on computers, travel insurance and motor insurance).

4.3.3 If a governing body chooses to insure externally, it still has to have minimum levels of cover stipulated by the LEA. If it does not, it is liable to have the cover arranged compulsorily by the LEA and the costs charged to the school’s budget share. However, the school is entitled to lodge a complaint with the Secretary of State if the LEA acts ‘unreasonably’ in relation to insurance.

4.3.4 If school buildings are owned by the trustees of a parish, diocese, religious order or other charitable foundation, the trustees may have responsibility under charity law to ensure that the charitable trust's assets are safeguarded, and this will include insuring those assets. However, the governing body is generally responsible for the school being run in accordance with the trust deed, making them responsible for insurance in much the same way as in other schools.

4.3.5 Governors do not incur any personal liability if insurance arrangements go wrong, provided they have acted in good faith. An example of an act not done in good faith is fraud.

4.4 Who and what should be covered by insurance?

4.4.1 You also need to know who and what should be covered by insurance. This question is governed by the legal doctrine of insurable interest, which requires that the person(s) to be covered by insurance should have a current financial interest, recognised in law, in the thing or event that is to be insured.

4.4.2 In simple terms, this means that those covered by the insurance must stand to lose financially if the insured property is lost or damaged, or if other accidents covered by the policy occur. It also means that the insurance policy should identify and cover those who are at risk of loss.

4.4.3 For example, property insurance should cover the interest of the organisation or body of people that owns the property or has financial responsibility for it. If the property is to be covered by a single policy and more than one party has an interest in it, the policy should identify all parties.
5 Getting quotations

5.1 The first step in the process for arranging insurance is to get quotations from different suppliers of insurance. These usually include the LEA and one or more private insurance firms.

5.1.2 LEA insurance schemes

Obtaining a quotation and arranging insurance through an LEA scheme should be straightforward as there is only one LEA ‘supplier’ for any given school. Most LEAs offer a standard ‘core’ package, with various optional supplementary covers. LEAs can give advice on appropriate levels of cover and on insurance matters generally.

5.1.3 Private insurance schemes

Private insurance can be bought:

• directly from an insurance company
• through an intermediary such as a specialist insurance association or a commercial insurance broker
• or through a consortium.

5.1.4 To get a quote you may be asked to give details of:

• your school’s existing insurance cover
• any past surveys or valuations of your school buildings
• past losses, including those not covered by insurance
• accidents or complaints that might result in claims
• any hazardous or unusual activities.

5.1.5 When supplying insurers with information you have a duty to act in good faith. This means that you (the school) must not misrepresent or conceal any facts that are relevant to the insurance – anything that the insurer would want to know about when deciding whether to offer insurance or when fixing the premium for it. A breach of good faith may allow the insurer to avoid the policy entirely.

5.1.6 Usually, all that is required of the person who applies for insurance on behalf of the school is to answer the questions on the application form truthfully. However, if there are any unusual circumstances concerning the school, they should be disclosed whether requested or not.

5.1.7 Buying insurance directly from an insurer

Because school risks are complex, only a very small number of insurers specialise in dealing with schools directly. Those that do are generally well equipped to assist schools in organising their own insurance programmes, so buying directly may be an option, especially if your school has its own business manager, or another financial specialist who can carry out the negotiations. If you are dealing direct with an insurer make sure that the company is a specialist in school risks.

5.1.8 Buying insurance through an intermediary

You may decide to use an intermediary to arrange all your insurance or perhaps the covers not insured through the LEA. You may want to use more than one intermediary, perhaps one for your ‘core’ insurance and another for supplementary covers such as motor insurance.

5.1.9 If you are using an intermediary make sure that it is:

• either an association or another body that specialises in school risks
• or a professional insurance broker (not a part-time insurance agent or representative of one insurance company only) with specific expertise in school insurance (many brokers do not have this expertise).

5.1.10 Insurers usually reward brokers by paying them commission. This is often based on a percentage of the premiums for the business introduced by the broker. Some brokers are prepared to give this commission back to the insured and charge a (negotiable and lower) fee for their services, particularly if the insured is a substantial organisation that places all its insurance with the broker concerned. Although these kinds of fee-based arrangements are not common in the school insurance field, it may be worth mentioning this, particularly if you are prepared to let the broker quote for all your insurance.

5.1.11 In any event, there may be some scope for negotiation over price with the broker. A broker may be prepared to retain less than the full commission due in order to secure your school’s business. Renewal of the contract may also provide an opportunity for negotiation, especially if claims experience under the scheme has been good, from the insurer’s point of view.
Choosing an insurer

6.1 Once you have quotations you need to choose an insurer. You may be choosing between an LEA scheme and one or more private insurers. Make your choice on the basis of:

- price and cover
- standards of service
- security rating.

6.2 Price and cover

Although you will be wanting to compare like with like, most insurers (including LEA providers) offer a standard ‘package’ of insurance, so it may not be possible to obtain quotations on exactly the same basis. Ask suppliers how their package is different from a chosen ‘norm’ (such as your school’s existing cover or the cover provided by your LEA). Differences in cover will often be insignificant in reality.

6.3 Bear in mind also that for some risks, such as liability insurance, apparently large differences in the amount of cover (between say £25 million, £15 million and £10 million) may not justify a big difference in price, since the chance of a loss exceeding any of these figures is very remote, especially for a small school.

6.4 Standards of service

Standards of service may vary between suppliers. To help you make a judgement think about the following.

- Documentation: is this in plain English, with a clear explanation of the cover and of the rights and duties of the parties?
- Making claims: what paperwork and formalities are involved and what assistance is given? Are claims met promptly?
- Risk management: what assistance is given with risk management, for example, risk surveys, safety audits, courses and seminars, literature and computer software?
7 Risk management

7.1 Risk management involves:
- identifying and analysing risks
- taking steps to control and reduce these risks
- financing the cost of risk in an efficient way.

7.2 Insurance is simply part of step 3 – risk financing. It is not a substitute for risk management.

7.3 All schools must engage in risk management. Insurance cannot eliminate the possibility of all accidents or loss. If there is an accident or loss, insurance cannot cover for:
- disruption of children’s education
- damage to a school’s reputation
- lowered morale of staff and pupils
- time lost in dealing with those who handle losses on behalf of the school
- the stress and anxiety that always accompanies accidents and losses.

7.4 It is also important to keep the number of claims made on an insurance policy to a minimum. A poor claims record will result in higher insurance premiums, especially if insurance is arranged privately. In an extreme case, a school may find it impossible to obtain the cover it needs in the private insurance market.

7.5 A structured approach to risk management will result in:
- a general awareness in the school of the cost of risk
- a culture that is committed to reducing risk and minimising loss.

7.6 All members of the school community should be involved, including governors, the school management, teachers, pupils and parents.
8 Main types of insurance cover

8.1 This section describes in more detail:

- the main types of insurance cover
- in each case, what can be insured and against what risks
- how the cover operates
- important exclusions and restrictions
- how much cover is necessary
- the importance of the cover – whether it is compulsory, essential, desirable or optional
- special points to note (if any).

8.2 The main types of insurance cover are:

- property risks
  - material damage insurance
  - engineering insurance
- financial risks
  - business interruption insurance
  - fidelity insurance
  - legal expenses insurance
  - supply teacher insurance
- liability risks
  - employers’ liability insurance
  - public liability insurance
  - “professional” liability insurance
  - hirers’ liability insurance
  - libel and slander insurance
- personal injury risks
  - personal accident insurance

7.7 Help with risk management is available in many forms, including:

- regular on-site inspections and risk assessments
- advice on risk ranking, health and safety issues and ‘disaster’ planning
- courses and seminars, literature and computer software

and from a number of sources, including:

- LEAs – often through an insurance/risk management department
- individual insurance companies and insurance brokers
- public organisations and professional bodies.

7.8 Appendix C lists organisations that can provide useful information on risk management and general information on insurance for schools.
• miscellaneous risks
  - motor insurance
  - school journey and travel insurance.

Note: Your LEA may require your school to have different levels of cover from those suggested here and may charge the budget share with the cost of obtaining such cover if the school does not arrange this.

Property risks

9.1 Material damage insurance

9.1.1 What can be insured, and against what risks?
Material damage insurance is available for school buildings, contents and other school property, including unlicensed vehicles used in the grounds (not on the public road), equipment on loan or hire to the school, contract works and personal effects of governors, staff and pupils.

9.1.2 Cover is offered against fire plus a wide range of special (or extra) perils. Alternatively, it is provided on an all risks basis. In the latter case, any form of accidental loss or damage is covered, except certain uninsurable risks, such as ordinary wear and tear, which are specifically excluded. All risks cover is wider than ‘fire and perils’.

9.1.3 How does the cover operate?
Insurers normally pay for the full cost of reconstructing damaged buildings without any deduction for wear and tear, plus additional costs, such as debris removal, professional fees and improvements required by current building regulations. For contents that are stolen or damaged insurers usually pay the full replacement cost. For personal effects there may be a deduction for wear and tear.

9.1.4 Important exclusions and restrictions
Policies may be subject to an ‘average (under-insurance) clause’. This means that payments are scaled down proportionately if the property is not insured for its full value.

9.1.5 The insured usually has to bear the first part of a loss for some perils (typically storm, flood/other water damage, theft and subsidence). The amount of this excess (or deductible) often varies according to the type of loss.

9.1.6 There are limits of liability for certain types of loss, e.g. loss of money in various situations, computer systems records, and personal effects.

9.1.7 There may be specific warranties such as clauses requiring the insured to do a particular thing if the insurance is to remain valid (for example, to set the burglar alarm when the school is closed).

9.1.8 How much cover is necessary?
Buildings and contents should generally be insured for the full cost of reconstruction and their contents for the full cost of replacement. The sum insured should include an extra amount for additional costs that might arise after a major fire, such as architects’ fees and the cost of removing debris. It should also take into account the possible effects of inflation, which might make rebuilding more expensive than was originally thought. In practice, it may be possible to link the sum insured to an index that reflects changes in building costs – this helps to ensure that the sums insured remain adequate.

You must get a professional or expert to check that sums insured are adequate.

9.1.9 How important is the cover?
Adequate property cover is essential, because many of the insured perils (and especially that of fire) can bring about the total destruction of a school, or cause very severe damage.

9.1.10 Special points to note
Some insurers arrange their policies with separate sections for some types of property. For example, it is quite common to find a separate section for glass and money.
Financial risks

10. Business interruption insurance

10.1 What can be insured, and against what risks?
Whereas, property insurance only covers the cost of repairing or replacing the insured property, business interruption insurance covers any further financial loss that results – this is called ‘consequential loss’.

10.2 The main element of the cover is for the extra costs of running the school as a result of the damage, such as the cost of hiring alternative accommodation while the repair work is being done. In some cases alternative accommodation may be needed for a very long period – perhaps as long as three years.

10.3 It is also possible to insure against loss of revenue that a school might suffer following damage to its premises or other property (e.g. following a major fire) – assuming that the school does have some revenue.

10.4 Cover is normally offered against the same risks as those covered by the property insurance (see page 21) e.g. fire plus specified ‘perils’ or ‘all risks’.

10.5 Insurers often include one or two extra risks, such as closure of the school following an outbreak of infectious disease, denial of access to the school, or interruption of electricity or other supplies. Otherwise, the financial loss must result from damage to property that is covered by the school’s insurance. There is no cover for financial loss or extra expense caused by other factors, such as bad weather which forces the closure of a school (but does not cause damage to it), or industrial action.

10.6 How does the cover operate?
Cover operates for a maximum time period (the indemnity period) running from the date of loss or damage. The period is chosen by the insured and may be anything from one to three years. Insurers assess claims by comparing the revenue and expenses of running the school in the ‘interruption period’ (the period when the school is still being affected by the damage) with figures for previous years.

Engineering insurance

9.1.11 What can be insured, and against what risks?
Engineering insurance covers various types of plant and equipment, such as boilers, lifts, hoists and air receivers, against breakdown, general damage and (in the case of boilers and pressure plant) explosion or collapse.

9.1.12 Resultant damage to surrounding property can also be covered along with certain other risks, such as deterioration in the contents of a refrigerator or cold room following a breakdown of the equipment.

Insurers can also arrange an inspection service (see Special points to note below).

9.1.13 How does the cover operate?
Insurers pay for the cost of repairing, rebuilding or replacing the equipment and any surrounding property that is damaged.

9.1.14 Important exclusions and restrictions
Policies are subject to an excess.

9.1.15 How important is the cover?
This form of cover may not be essential for all schools, because explosion of boilers used for ‘domestic’ purposes (e.g. for heating and hot water) is normally included under the general material damage insurance. However, this kind of cover may be desirable if your school has specialised plant and equipment.

9.1.16 Special points to note
Some plant and equipment (statutory plant), including various types of lift and pressure plant must, by law, be inspected regularly by a ‘competent person’.

You must get expert advice on this from a local authority insurance officer, an insurer or an insurance broker.
11.4 You may be required to obtain satisfactory written references from previous employers for members of staff who are to be covered by the policy.

11.5 How much cover is necessary?
The policy may have a fixed limit of cover (e.g. a maximum of £250,000 for any loss) or it may be up to you to decide how much cover you need. You may be able to arrange different levels of cover for particular members of staff, with higher levels of cover for staff with greater financial responsibilities.

11.6 How important is the cover?
Fraud or theft by employees can cause greater loss than theft by outsiders. Cover is therefore worth considering, particularly for key members of staff who have ready access to school funds.

12. Legal expenses insurance

12.1 What can be insured, and against what risks?
If a pupil, member of staff or member of the public is harmed and makes a claim against your school this will usually fall under the ‘public liability’ or ‘employers’ liability’ part of your insurance. In this case the insurers always meet the legal costs associated with the claim.

12.2 The school may, however, become involved in litigation for other reasons. For example, there could be a dispute with suppliers of goods or services to the school or a dispute with a member of staff concerning his or her contract of employment. A prosecution could also be brought against the school or a member of staff in some circumstances, for example, on grounds of race or sex discrimination or for a breach of health and safety law. Legal expenses insurance covers these kinds of unexpected legal costs.

12.3 How does the cover operate?
Insurers pay the cost of defending the school or its staff in the civil or criminal courts and also the cost of pursuing legal action in cases where a wrong has been committed against the school. Insurers also pay attendance expenses for staff who are required to attend court or tribunal hearings. The payment is based in this case on the length of absence from school and the employee’s salary. The insurers also pay the cost of certain compensation awards that might be made against the school, such as an award to a teacher for unfair dismissal.
12.4 Important exclusions and restrictions
Cover may be subject to an excess for some claims and may not apply to some trivial disputes (e.g., where the amount disputed is very small). Certain types of dispute are excluded from the cover.

12.5 The policy does not cover criminal fines, penalties or disputes that existed when the insurance cover was taken out.

12.6 How much cover is necessary?
A standard amount of cover is usually given, with individual and annual limits for various kinds of dispute.

12.7 How important is the cover?
Legal expenses is an optional rather than a ‘core’ cover, but may be worth considering for a large school that has extensive dealings with outside contractors.

13. Supply teacher insurance

13.1 What can be insured, and against what risks?
Supply teacher insurance covers the cost of employing a replacement when a member of staff is absent because of illness or is kept away from school for another unavoidable reason. Cover can be arranged for teachers only, or for teachers and other school staff.

13.2 How does the cover operate?
The insurance pays an agreed sum of money for each day that a teacher or other insured member of staff is absent. The absence must usually exceed a certain number of days (the ‘excess’ or deferred period) before the insurance will pay out. The deferred period is chosen by the school, with three, five or ten days being the most common. Depending on the type of policy purchased, the insurance may either pay out only if the school pays for a replacement for the absent member of staff (indemnity basis) or regardless of whether or not a replacement is hired (non-indemnity basis). There is a limit to the number of days for which benefit is payable in any one case of absence, with 195 days being the most common.

13.3 Important exclusions and restrictions
The policy may exclude or restrict cover in a number of cases such as:

- illness that is stress-related (although this is very rarely a total exclusion now)
- illness that arises from a pre-existing medical condition
- gynaecological or obstetrical disorders
- back injuries
- suicide
- wilful self-injury or deliberate exposure to unusual danger
- occupational asthma
- HIV or sexually transmitted diseases
- drug or alcohol abuse.

13.4 How much cover is necessary?
Most schools that insure currently arrange cover with a daily benefit for teaching staff of between £90 and £150.

13.5 How important is the cover?
This is an optional cover. It may be worth considering for small schools with a small teaching staff. A large school with many teaching staff will find it easier to do without this type of insurance, because higher staff numbers mean that there is less fluctuation in the general level of absence.

Liability risks

14. Employers’ liability insurance

14.1 What can be insured, and against what risks?
Employers’ liability insurance covers the liability of an employer for the death or bodily injury (including disease) of employees arising in the course of their employment.
Public liability insurance

15.1 What can be insured, and against what risks?
Public (or ‘general’) liability insurance provides cover for claims against a school or its staff by third parties who have suffered injury or damage to their property as a result of negligence or damage to their property as a result of negligence or another legal wrong committed in connection with the school's activities. Claims may be made by members of the public, visitors, parents or pupils.

15.2 The policy covers liability for accidents that arise from activities on the school premises and away from them, including school journeys abroad (unless the accident is connected with a motor vehicle – see motor insurance below).

15.3 How does the cover operate?
The insurance works in much the same way as employers’ liability insurance. It operates regardless of whether the claim is made against the school itself, its governors, or an individual member of staff, providing the loss or injury was connected with the school’s activities or with a product that the school supplied.

15.4 Public liability claims are negotiated and settled in the same way as employers’ liability claims. The insurers pay the amount of any compensation that is awarded or agreed, plus associated legal costs.

15.5 Important exclusions and restrictions
There are a number of exclusions, but most of these relate to types of claim that are covered by other parts of the insurance programme, such as claims by employees, claims for ‘professional negligence’ of staff, or claims connected with motor vehicles.

15.6 It is worth noting that all insurers now exclude claims for ‘gradual pollution’ – pollution that does not result from a single incident, such as a fire or explosion.

15.7 How much cover is necessary?
Cover should usually be no less than the amount for employers’ liability cover - in the £10–£20 million range.

14.2 How does the cover operate?
The cover operates regardless of whether the injured member of staff claims against the school, its governors, or another member of staff, providing the injury occurred in the course of employment.

14.3 Insurers negotiate with the injured employee's lawyers and pay the compensation that is eventually agreed, together with associated legal costs and other expenses (e.g. for medical reports). Very rarely, when the parties cannot agree on a settlement, the matter has to go to court, in which case the insurers will pay any legal costs that fall to the school, plus any damages (compensation) awarded.

14.4 Important exclusions and restrictions
There are no significant exclusions or restrictions.

14.5 How much cover is necessary?
The law requires a minimum cover of £5 million in respect of any one occurrence. In practice, £10 million should be regarded as the minimum necessary, because there have been cases of individual claims approaching this figure. Some LEAs insist on a higher figure, with £20 million or even £50 million being quite common.

14.6 How important is the cover?
A minimum of £5 million of employers’ liability cover is compulsory for nearly all employers in the UK. Local authorities are actually exempt from the requirement to insure, but they usually buy cover in practice. Schools that employ their own staff are not exempt and must have insurance.

14.7 Special points to note
Employers’ liability insurance usually covers not just employees (permanent members of staff) but also staff who are temporarily hired or ‘borrowed’ by the school or engaged under work experience programmes or similar schemes.
16.8 How important is the cover?
Public liability insurance is absolutely essential for schools, even though it is not generally compulsory by law in the UK.

16.9 Special points to note
Public liability insurance often includes a variety of miscellaneous risks such as libel and slander cover, and hirers’ liability. If these are not insured separately, motor ‘contingent liability’—the liability of a school for accidents caused by motor vehicles which they do not own, such as parents’ cars that are used for school activities—is often included (see motor insurance on page 34).

16.10 For both Public and Employer’s Liability, if schools arrange their own cover, documentary evidence should be retained for as long as possible.

16. How much cover is necessary?
Policies often give a set amount of cover but this should be at least £1 million.

16.7 How important is the cover?
Cover must now be regarded as essential. Although legal action against teachers and schools for breaches of ‘professional’ duty is still quite rare, claims (for example for ‘failure to educate’) are becoming more frequent.

16.9 Personal claims against school governors and trustees are very rare indeed. However, it may be very difficult to persuade good people to serve in these capacities unless they are made completely secure against personal liability.

16. ‘Professional’ liability insurance (officials’ indemnity, governors’ liability etc.)

16.1 What can be insured, and against what risks?
Whereas public liability insurance is intended to cover accidents that cause injury to people, damage to their property and (much more rarely) financial loss, losses that are caused by the failure of school staff or governors to carry out their duties properly, e.g. as teachers or governors, are often insured separately.

16.2 This form of cover goes by a variety of other names including ‘officials’ indemnity’, ‘governors’ liability insurance’ (in respect of governors or trustees), and ‘professional indemnity’. In contrast to public liability insurance, claims are usually for financial loss rather than for bodily injury or property damage.

16.3 How does the cover operate?
Claims are negotiated and settled in the same way as other liability claims. The insurers pay the amount of any compensation that is awarded or agreed, plus associated legal costs. The insurance also covers the cost of defending governors who are prosecuted for specified criminal wrongs committed in the course of their duties, but not where there is a successful prosecution for fraud or dishonesty (see below).

16.4 Important exclusions and restrictions
The wording for these forms of insurance is often complex and there are always a number of exclusions, mainly relating to risks that are insured by a different part of the policy.

16.5 Although the insurance covers breaches of duty by staff and wrongful acts by governors, cover only applies to individuals who have acted in good faith, not when fraud, dishonesty or criminality is involved.

16.6 However, the (say, dishonest) actions of a particular governor or member of staff do not invalidate the insurance cover for other governors or staff members if the latter are also held responsible, providing they themselves have acted in good faith.

17. Hirers’ liability insurance

17.1 What can be insured, and against what risks?
Hirers’ liability insurance is a liability insurance arranged by the school for people who hire and use school premises. It covers individuals or organisations that hire school premises against the risk of becoming liable for injuring people or damaging property (including school property) while using the premises.

17.2 How does the cover operate?
Claims are negotiated and settled in the same way as other liability claims.
17.3 Important exclusions and restrictions
Hirers’ liability insurance may not cover the activities of business organisations or political groups but these organisations usually have their own insurance. Check whether they have before you hire school premises to them.

17.4 How much cover is necessary?
A figure of at least £2 million is recommended.

17.5 How important is the cover?
Cover is desirable if others use the school.

17.6 Special points to note
This form of cover may not appear separately in the policy but may be included in the ‘public liability’ insurance, often under ‘indemnity to hirer’.

See Section 9 Example 1 Hiring out school premises (page 37).

18. Libel and slander insurance

18.1 What can be insured, and against what risks?
This form of insurance covers the school and its staff and governors against claims for defamation, for example, when there is libellous material in a school publication.

18.2 How does the cover operate?
Claims are negotiated and settled in the same way as other liability claims.

18.3 How much cover is necessary?
A figure similar to that for professional liability insurance is recommended (at least £1 million).

18.4 How important is the cover?
Although claims against schools for libel and slander are rare, cover is desirable if it is not automatically included in other insurance.

18.5 Special points to note
This form of cover may not appear separately in the policy but may be included in the public liability, professional/officials’ indemnity or governors’ liability insurance.

19. Personal injury risks

19.1 Personal accident insurance

19.1.1 What can be insured, and against what risks?
Members of staff, governors and voluntary helpers (while on school business) can be insured against accidental injury and deliberate assault. Separate cover can also be arranged for pupils.

Schools should consider whether or not public liability insurance should be taken out to cover accidental injury to pupils during certain activities which take place away from school. These are classed as educational visits. Further information is available in the DfE publication Health and Safety of Pupils on Educational Visits and its supplements. Further information is available at http://www.teachernet.gov.uk/visits.

19.1.2 How does the cover operate?
Cover normally takes the form of:
• a capital (lump) sum for death or permanent disablement, with smaller sums (often expressed as a percentage of the death/permanent disablement benefit) for various types of injury that cause partial disablement
• weekly benefit for temporary disablement, with a lower benefit for temporary partial disablement.

19.1.3 Important exclusions and restrictions
Some dangerous activities may be excluded.

19.1.4 How much cover is necessary?
Capital benefits of around five times salary for permanent staff are typical.
19.1.3 How much cover is necessary?
Liability cover is usually unlimited (except for property damage caused by some commercial vehicles). For damage to the vehicle itself insurers usually pay up to the full market value of the vehicle. This value must usually be declared when the insurance is arranged.

19.1.4 How important is the cover?
Third party cover is compulsory by law.

19.1.5 Special points to note
Care must be taken if a school vehicle is taken out of the country. Cover for use in Europe may be limited and, for countries outside Europe, there may be no cover at all unless the insurers are... Check the policy carefully on this point. If you are in doubt consult the broker or insurer that issued the policy.

20. Miscellaneous risks

20.1 Motor insurance

20.1.1 What can be insured, and against what risks?
Any vehicle that is owned by a school and used on the public road (such as a school minibus) must be insured, at least for ‘third party’ risks. Non-obligatory cover for fire and theft or for any accidental loss or damage can be added to give ‘third party fire and theft’ or ‘comprehensive’ cover.

20.1.2 Important exclusions and restrictions
Motor insurance policies contain a number of restrictions, including an excess for at least some risks. In particular, there may be restrictions on who is allowed to drive the vehicle and on its use. It is important to make sure you have the cover you need and that ‘use’ and ‘driving’ are kept within the limits of the policy.

21. School journey and travel insurance

21.1 What can be insured, and against what risks?
Some (but not all) insurers include cover for school journeys as an option in their ‘package’ policies. The insurance is similar to a travel policy and typically covers pupils and staff against:
9 Insurance for special activities: examples

9.1 In this section we have included examples of insurance issues that you may need to consider if you are:

• hiring out school premises
• organising an educational visit
• using contractors.

Example 1 – Hiring out school premises

What risks are involved, who is responsible, and how is insurance affected?

An accident while hiring out school premises could result in:

• damage to the school premises (e.g. from a fire started by the hirers)
• injury to school staff
• injury to pupils, visitors or the hirers themselves.

Subject to the terms of the hire agreement, responsibility for injury or damage usually depends on who is to blame for the accident – the school or the hirers.

If the school is to blame its own insurances normally cover the risk, as follows:

Damage to school premises: Material damage insurance – providing the cause of the loss or peril (e.g. fire) is covered by the policy

Injury to staff: Employers’ liability

Injury to pupils, hirers or others: Public liability

If the hirers are to blame the position with regard to the school premises is much the same. The school’s own insurers will pay providing the cause of the loss is insured by the policy, although the school’s insurers may be able to recover their outlay from the hirers.
The position with regard to injury to people may be different. Here the school’s basic liability insurance will not cover the risk, if there is no blame attaching to the school. In this case the risk falls on the hirer’s own public liability insurance.

What happens if the hirers have no insurance?
Clubs, societies and business organisations usually have their own public liability insurance. However, some do not and groups of private individuals are often uninsured. In this case the risk is usually covered by the school’s own hirers’ liability insurance, if this cover is included. It is therefore important to check what cover both the hirer and the school have.

So what do we need to do if we hire out our school premises?
• Check whether the hirers have their own public liability insurance.
• If not, check that your school’s own policy covers ‘hirers’ liability’, and
• if the hirer is a commercial or political organisation, check that the school policy covers these risks – if not (as is common) the hirers must arrange their own insurance.
• Inform the broker or insurers concerned – especially if the risk of loss or damage will increase as a result of what the hirers are doing.

Note: If hirers store their equipment or other property at the school it may be possible to include this in the school’s own insurance. If this is not done, the hirers should arrange their own cover.

Example 2 – Organising an educational visit
Educational visits give rise to a number of risks for which insurance may be required. These risks vary according to the places that are visited, the activities involved and the people who take part. This example outlines some typical insurance issues for educational visits. It does not cover wider questions of planning, organisation, risk assessment or health and safety. For these see the DES Good Practice Guide ‘Health and Safety of Pupils on Educational Visits’ (HASPEV) has now been finalised and is available in printed form. The three parts are ‘Standards for LEAs in Overseeing Educational Visits’, ‘Standards for Adventure’ and ‘A Handbook for Group Leaders’. They are now available as downloadable web files at: www.teachernet.gov.uk/visits.

Standards for LEAs in Overseeing Educational Visits do advise LEAs to ensure that their policy statements cover insurance.

What risks are involved, who is responsible, and how is insurance affected?
The risks involved will probably include:

Property risks
– loss or damage to school property and equipment taken on the visit
– loss or damage to the personal effects of staff, pupils and voluntary helpers

Financial risks
– extra expense that might result from cancellation, delay or emergencies
– failure or bankruptcy of a tour operator or travel company

Liability risks
– wrongful injury or damage to the property of staff, pupils or members of the public

Personal injury risks
– accidental bodily injury to pupils or staff
– cost of medical treatment

Motor vehicle risks
– accidents involving school vehicles
– accidents involving vehicles of parents, staff or volunteers.

So what do we need to do if we organise an educational visit?
Check:
• the extent of the school’s own insurance for these risks
• that travel or tour operators have adequate insurance and guarantees, especially for public liability, motor insurance and their own failure or bankruptcy
• that vehicles belonging to the school, staff, parents and others are fully insured and driven only by people holding an appropriate licence.
Inform:

- pupils, parents and other participants about the extent of the cover held by the school and about extra insurance that they might wish to buy for themselves, such as their own travel insurance
- the LEA and/or your insurance broker or insurer about the visit.

If you are not sure about any aspects of insurance, get advice from your LEA, broker or insurer.

Checking your cover

Many risks are automatically covered by your existing school insurance, but you may sometimes need extra cover. You should therefore:

- check what is covered under your school’s existing insurance programme
- arrange extra insurance if necessary
- let relevant people know what is, and what is not, covered.

For example, on the following page is a summary of the insurance points you would need to check before taking pupils on an educational visit. There is more detail on each type of cover and the recommended minimum level of cover in Part 2. There is also more information on insuring an educational visit in Part 2.

<table>
<thead>
<tr>
<th>Type of risk</th>
<th>Type of insurance</th>
<th>Notes and points you might need to check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Damage to property</td>
<td>School material damage insurance</td>
<td>Check what is covered, especially for valuable items. Cover for property taken “off-site” may be very limited.</td>
</tr>
<tr>
<td>School equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal property of staff and pupils (including money)</td>
<td>1. School journey insurance</td>
<td>Tell other relevant people if school does not have 1 or 2; advise details of cover if it does.</td>
</tr>
<tr>
<td></td>
<td>2. School group travel ins.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Own travel/personal ins.</td>
<td></td>
</tr>
<tr>
<td>Financial risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cancellation, delay and emergency expenses</td>
<td>1. School journey insurance</td>
<td>Tell other relevant people if school does not have 1 or 2; advise details of cover if it does.</td>
</tr>
<tr>
<td></td>
<td>2. School group travel ins.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Own travel/personal ins.</td>
<td></td>
</tr>
<tr>
<td>Failure of tour operator or travel firm</td>
<td>Neither school nor personal insurances will cover this</td>
<td>Check with operator - is the firm guaranteed?</td>
</tr>
<tr>
<td>Liability risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wrongful injury to staff</td>
<td>Employers’ liability</td>
<td></td>
</tr>
<tr>
<td>Wrongful injury to pupils or members of the public or damage to the property of either</td>
<td>Public liability</td>
<td>Check whether policies cover overnight stays, travel abroad, or hazardous activities if necessary.</td>
</tr>
<tr>
<td>Personal injury risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accidental injury to staff</td>
<td>1. School journey insurance</td>
<td>Tell other relevant people if school does not have 1, 2 or 3; advise details of cover if it does.</td>
</tr>
<tr>
<td></td>
<td>2. School group travel ins.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. School personal accident insurance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Own travel/personal ins.</td>
<td></td>
</tr>
<tr>
<td>Medical expenses incurred by staff or pupils</td>
<td>1. School journey insurance</td>
<td>Tell other relevant people if school does not have 1 or 2; advise details of cover if it does.</td>
</tr>
<tr>
<td></td>
<td>2. School group travel ins.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Own travel/personal ins.</td>
<td></td>
</tr>
<tr>
<td>Motor risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accident involving a vehicle owned by the school</td>
<td>School motor insurance</td>
<td>Check that the policy covers use of the vehicle for the purpose of the visit and for the people who will drive. Check cover for foreign use if necessary. Check drivers’ licences.</td>
</tr>
<tr>
<td>Accident involving a vehicle owned by a member of staff, governor, parent, voluntary helper etc.</td>
<td>Motor insurance of member of staff, governor, parent, voluntary helper etc.</td>
<td>Check that the policy covers use of the vehicle for school purposes and for the people who will drive. Check cover for foreign use if necessary. Check drivers’ licences.</td>
</tr>
</tbody>
</table>
Example 3 – Using contractors

There are many occasions when contractors – people who are not employees – come to do work at a school. They might be there for a major building project or for a minor job.

What risks are involved, who is responsible, and how is insurance affected?

There is a risk that, in the course of the work, the contractor will cause injury to members of staff, pupils or others. The contractor might also damage property belonging to the school, or to others.

Contractors are usually responsible for their own negligence. This means that a school’s own liability insurance does not provide cover for any injury or other harm done by a contractor, providing the school is not at fault in any way.

A school’s material damage insurance usually only covers damage to the school’s own property – and then only for losses caused by ‘insured perils’.

For this reason it is important for the contractor to have public liability insurance with an adequate limit of indemnity – at least £10 million.

Major work at a school is normally carried out under a formal written contract with terms that are standard for the type of work involved, such as a standard contract used in the building industry. Contracts of this kind usually deal with matters of risk and insurance in precise detail, and it is unlikely that school staff or governors would be directly involved. The professionals managing the project would deal with the matter.

However, in the case of smaller jobs that are done around a school and its grounds, there may be no formal written agreement and no professional help. In this case, you should check on the contractor’s insurance cover.

Appendix A: Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>All risks cover</td>
<td>Cover against any accidental loss or damage, other than specified uninsurable risks.</td>
</tr>
<tr>
<td>Agent</td>
<td>See ‘insurance agent’.</td>
</tr>
<tr>
<td>Aggregate excess</td>
<td>Arrangement where the insurance pays out only if total losses in the year of insurance exceed a certain level. Average (under-insurance) clause Provision that scales down claim payments where there is under-insurance.</td>
</tr>
<tr>
<td>Broker</td>
<td>See ‘insurance broker’.</td>
</tr>
<tr>
<td>Carrier</td>
<td>Another name for insurer.</td>
</tr>
<tr>
<td>Catastrophe risk</td>
<td>Possibility of a large single loss or large accumulation of losses from one event.</td>
</tr>
<tr>
<td>Commission</td>
<td>Payment (usually a percentage of the premium) made to an insurance broker by an insurer for the introduction of business.</td>
</tr>
<tr>
<td>Deductible</td>
<td>See ‘excess’.</td>
</tr>
<tr>
<td>Deferred period</td>
<td>‘Waiting period’ or period of absence (e.g. 7 days) that must be exceeded before payment of insurance benefit for accident or sickness is made.</td>
</tr>
<tr>
<td>Discovery period</td>
<td>In fidelity insurance, a time limit for notification of losses, running from the date when an employee leaves or the policy is cancelled.</td>
</tr>
<tr>
<td>Excess</td>
<td>The first part of a loss (e.g. £250) that is to be borne by the insured.</td>
</tr>
<tr>
<td>Exclusion/exception</td>
<td>Risk that is expressly excluded from an insurance policy.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Fair Funding</td>
<td>System of funding maintained schools which started in 1999.</td>
</tr>
<tr>
<td>Fee-based arrangement</td>
<td>Arrangement where an insurance broker gives back its commission to the insured in exchange for a (lower) fee.</td>
</tr>
<tr>
<td>Good faith</td>
<td>The duty of an insured person to give the insurer full and accurate information about the risk.</td>
</tr>
<tr>
<td>Increase in cost of working</td>
<td>In business interruption insurance, the extra costs of running an organisation that result from loss or damage.</td>
</tr>
<tr>
<td>Indemnity basis</td>
<td>Insurance where a claim can be made only for loss or expense that has actually arisen, and only for the amount of the loss.</td>
</tr>
<tr>
<td>Indemnity period</td>
<td>In business interruption insurance, a period (e.g. 2 years) during which financial losses are covered, running from the date of damage.</td>
</tr>
<tr>
<td>Inspection service</td>
<td>Regular checking by insurers of plant and equipment.</td>
</tr>
<tr>
<td>Insurable interest</td>
<td>The legal right to insure, based on the insured’s financial interest in the thing insured.</td>
</tr>
<tr>
<td>Insurance agent</td>
<td>An insurance intermediary (‘middleman’) who can arrange insurance with only one or a few insurers: usually an individual or small firm.</td>
</tr>
<tr>
<td>Insurance broker</td>
<td>Professional insurance intermediary who can arrange insurance with a wide range of different insurers; may be a large firm.</td>
</tr>
<tr>
<td>Insurance company</td>
<td>Corporate body that underwrites insurance business.</td>
</tr>
<tr>
<td>Insured</td>
<td>The person or organisation that is covered by insurance.</td>
</tr>
<tr>
<td>Insurer</td>
<td>General name for the entity that actually carries insurance risks and pays claims.</td>
</tr>
<tr>
<td>Intermediary</td>
<td>‘Middleman’ that brings together the insured and the insurer – may be an insurance broker or an insurance agent.</td>
</tr>
<tr>
<td>Lloyds’ market</td>
<td>Specialist London insurance market where underwriting members (originally individuals, now also companies) band together in syndicates to underwrite insurance risks.</td>
</tr>
<tr>
<td>Lloyds’ syndicate</td>
<td>Group of insurers operating in the Lloyds’ market.</td>
</tr>
<tr>
<td>Mutual (insurance) scheme</td>
<td>Scheme where risk is spread among a pool of members without any transfer to a separate commercial insurer – e.g. where an LEA ‘insures’ its own schools.</td>
</tr>
<tr>
<td>New for old cover</td>
<td>Arrangement where the insurers pay the full replacement cost of an item, with no deduction for wear and tear.</td>
</tr>
<tr>
<td>Non-indemnity basis</td>
<td>Insurance where a claim can be made without the need to prove actual financial loss (e.g. personal accident insurance).</td>
</tr>
<tr>
<td>Package policy</td>
<td>Standardised policy combining a range of different covers.</td>
</tr>
<tr>
<td>Policyholder</td>
<td>Person or organisation that takes out insurance.</td>
</tr>
<tr>
<td>Rating agency</td>
<td>Organisation that monitors and reports on the financial strength of insurance companies.</td>
</tr>
<tr>
<td>Reinstatement cover</td>
<td>Arrangement where the insurers pay for the full cost of reconstructing premises, with no deduction for wear and tear.</td>
</tr>
<tr>
<td>Risk carrier</td>
<td>Another name for insurer.</td>
</tr>
<tr>
<td>Risk pool</td>
<td>Another name for mutual insurance scheme.</td>
</tr>
<tr>
<td>Run-off cover</td>
<td>Insurance that covers ongoing claims after the date of cancellation of a policy.</td>
</tr>
</tbody>
</table>
Appendix B: Insurance for different types of schools

1. In this appendix we have outlined the various insurance options for different types of school. Please note that some local authorities require the interest of the LEA to be included in all external insurances arranged by a school, whatever the class of insurance and whatever the type of school.

2. Community schools

In a community school the LEA employs the staff, owns the land and buildings, has primary responsibility for admissions, and also has the greatest insurable interest. However, there could be an accident which may result in a liability claim being made directly against a governor, member of staff, or even a pupil. The insurance policy should therefore protect these parties too.

3. If a community school buys insurance by means of a delegated budget under Fair Funding it will, in effect, be insuring (as an agent) the interest of the LEA along with the personal interest of its own staff and governors. In this case the policy should be drafted to cover both interests.

4. Voluntary aided schools

The school buildings and the site on which they stand, are usually owned by the trustees who are typically linked to a religious order. The running of the school is entrusted to a governing body, some of whose members are likely to be appointed by the trustees. The governing body is the legal occupier of the premises and the employer of most school staff. It is responsible to the trustees for the safekeeping of school property.

5. Although the trustees normally own the premises of a VA school, financial responsibility for the repair and maintenance of VA schools divides between the governing body, the LEA and the DfES. Until 1 April 2002 the governing body was, in simple terms, liable for the ‘shell’ of the building and the LEA for the interior and other parts of the school. Grant support from the DfES was then available up to a maximum of 85% of governing body liabilities. Now, (under the arrangements from 1 April 2002) VA governing bodies are liable for capital work on the school premises as a whole, with the exception of playing
fields and buildings on the fields and associated with their use as playing
fields, for which the LEA is responsible. However, the normal DfES rate of
grant support has been raised to 90%.

6. Insurance arrangements will depend on whether a VA school:
   • arranges insurance externally only to cover the liabilities of the governors
     and ‘buys back’ into an LEA scheme for all remaining risks; or
   • arranges all insurance externally.

7. As suggested above, many VA schools buy insurance externally only to
cover the limited interest of the governors (often by joining a block scheme
organised by the local diocese). For the remaining risks these schools ‘buy
back’ into a central LEA scheme. In this case insurance arrangements are
likely to be as follows:

8. Property insurance
   In this case the LEA scheme will not fund losses to property for which the
governors/trustees retain financial responsibility. In the past, in simple terms,
the governors/trustees were responsible for 15% of loss or damage to the
‘shell’ of the building and responsible in full for certain other property for
which no LEA indemnity was available. These elements were insured
externally (typically by a church diocese or its equivalent) for the benefit of the
governing body and the trustees. In practice, this external insurance was
often effected for the full cost of rebuilding the school, but with the rate (price
of insurance) reduced to reflect that fact that only a small portion of most
losses would be paid for by the insurer – because the policy would not cover
damage to property for which the LEA was responsible or the (85%) portion
of the loss met by the DfES grant.

9. Under the new regime VA governing bodies have taken on additional
   financial liabilities, but are entitled to a higher DfES grant (90%) in
   compensation. Therefore, VA schools that continue to insure their premises
   for the full cost of reconstruction should still receive a substantial reduction in
   premium, reflecting the fact that the insurer should not have to pay for more
   than 10% of any loss.

10. Liability insurance
    Although the LEA scheme covers most of a VA school’s liabilities it may not
    cover risks unconnected with the normal activities of the school, such as the
    use of the school for weekend ‘parish’ activities. Because of this, the school
    (or the diocese or its equivalent) should secure public liability insurance
    externally to cover this risk.

11. The law requires the governing body of a VA school, as the employer of
    most of its staff, to have employers’ liability insurance, evidenced by a
certificate in its own name. The LEA must secure this cover on behalf of the
    school if the governing body is to remain within the law. The school has to
display the current certificate and retain it after display for 40 years.

12. If the school insures all risks externally
    Where the school chooses to insure all risks externally the same general
    principles governing the interests to be protected, described above, will
    apply. In this case, insurance arrangements should be as follows:

13. Property insurance
    In this case the school will need to secure insurance not only for its own
    interest (property for which the governors/trustees retain financial
    responsibility) but also for the interest of the LEA in the remainder. In effect,
    insurance should be arranged for the full value of all property pertaining to the
    school and should cover all interests in it – that is, the interest of the trustees,
    the governing body and the LEA. Again the insurance rate, should be
discounted to reflect the fact that losses will be met, in part, by DfES grants.

14. Liability insurance
    If a VA school insures externally it should secure, in the name of the
    governors and trustees, full employers’ liability insurance and full cover for all
    other liabilities. Cover should extend to include ‘parish’ and other non-LEA
    activities, as appropriate.

15. Voluntary controlled schools
    The LEA employs the staff of a voluntary controlled (VC) school and has
    primary responsibility for admission arrangements. The school’s land and
    buildings are normally owned by a trust but, in this case, the LEA has full
    responsibility for repair and maintenance of the property.

16. The insurance position is broadly similar to that of a community school,
    because most risks rest with the LEA. The LEA therefore has the greatest
It has been argued that the LEA also has an insurable interest in the buildings of a foundation school, on the grounds that the LEA would have the ultimate duty to replace the school if it was totally destroyed. For this reason, some local authorities may require their interest to be included in any insurance purchased by the school.

17. However, as in the case of a VA school, the LEA usually provides liability insurance cover only for risks associated with the normal activities of a VC school. It may not cover, for example, the use of the school for weekend parochial activities. In this case, the school has to take out public liability insurance externally to cover these risks. In practice, cover is often provided under a block policy arranged by the diocese or its equivalent.

18. If a VC school buys insurance from a delegated budget under Fair Funding the school will, in effect, be insuring (as an agent) the interest of the LEA along with the personal interest of staff and governors, as in the case of a community school. The policy should be issued in the name of the school’s governing body and that of the LEA, as with a community school.

19. Because ownership of the land and buildings rests with a charitable body it is wise to include the trustees of this body in the policy as well. The buildings may cease to be used as a school, in which case the property would revert fully to the trustees or in rare cases the trustees may become liable as owners of the building.

20. Foundation schools

In a foundation school the governing body has the main insurable interest. The governing body employs the school’s staff and may, therefore, become legally liable for injuries to staff in the course of their employment. The governing body could also become liable for harm caused to pupils or members of the public arising from hazards on the premises or accidents connected with the school. The school should therefore have liability insurance (including employers’ liability insurance) in the name of the governing body. As with other schools, the liability insurance should protect governors, members of staff and pupils, in case a claim is made against any of them personally.

21. If the school premises are owned by the governing body, property insurance should also be in the name of the governing body.

If the school’s land and buildings are owned by an organisation other than the governing body, such as a charitable foundation, the insurance should also cover the interest of that body, or its trustees.
### Appendix C: Sources of information

<table>
<thead>
<tr>
<th>Organisation</th>
<th>URL</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A M Best and Company</td>
<td><a href="http://www.ambest.com">www.ambest.com</a></td>
<td>Gives a security rating for all major insurers, including large UK firms.</td>
</tr>
<tr>
<td>Association of British Insurers (ABI)</td>
<td><a href="http://www.abi.org.uk">www.abi.org.uk</a></td>
<td>Main trade association for the UK insurance industry and a good source of consumer information.</td>
</tr>
<tr>
<td>Association of Insurance and Risk Managers (AIRMIC)</td>
<td><a href="http://www.aimic.com">www.aimic.com</a></td>
<td>Primarily aimed at risk managers in commerce and industry, but also has some useful free publications.</td>
</tr>
<tr>
<td>Association of Local Authority Risk Managers (ALARM)</td>
<td><a href="http://www.alarm-uk.com">www.alarm-uk.com</a></td>
<td>Mainly aimed at local authority risk/insurance staff, but also provides useful contacts and information.</td>
</tr>
<tr>
<td>British Insurance Brokers Association (BIBA)</td>
<td><a href="http://www.biba.org.uk">www.biba.org.uk</a></td>
<td>Represents insurance brokers and provides advice to insurance consumers. Lists local insurance brokers including those that specialise in school risks.</td>
</tr>
<tr>
<td>Chartered Insurance Institute</td>
<td><a href="http://www.cii.co.uk">www.cii.co.uk</a></td>
<td>Main UK body for insurance education. Excellent (searchable) library catalogue and listing of other insurance websites.</td>
</tr>
<tr>
<td>Financial Services Ombudsman Bureau</td>
<td><a href="http://www.financial-ombudsman.org.uk">www.financial-ombudsman.org.uk</a></td>
<td>Part of the Government. Financial Services Authority - offers a complaints and dispute resolution service for insurance policy holders, which covers most schools.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation</th>
<th>URL</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institute of Risk Management</td>
<td><a href="http://www.irmgt.co.uk">www.irmgt.co.uk</a></td>
<td>Mainly an educational and examining body, but also runs some seminars on risk management.</td>
</tr>
<tr>
<td>Insure.com</td>
<td><a href="http://www.insure.com">www.insure.com</a></td>
<td>US site giving a security rating for all major insurers.</td>
</tr>
<tr>
<td>Public Risk Management Association</td>
<td><a href="http://www.primacentral.org">www.primacentral.org</a></td>
<td>US risk management organisation with some excellent publications and other resources. Sister organisation of ALARM.</td>
</tr>
<tr>
<td>Riskinfo</td>
<td><a href="http://www.riskinfo.com">www.riskinfo.com</a></td>
<td>US site with useful general information and details of other sites.</td>
</tr>
<tr>
<td>Catholic Church Insurance Group</td>
<td><a href="http://www.ecclesiastical.co.uk">www.ecclesiastical.co.uk</a></td>
<td>Mainly dealing with RC schools.</td>
</tr>
<tr>
<td>Ecclesiastical Insurance</td>
<td><a href="http://www.ecclesiastical.co.uk">www.ecclesiastical.co.uk</a></td>
<td>Mainly dealing with CE schools.</td>
</tr>
</tbody>
</table>