

Extra protection for your group

Cases of child abuse have been highlighted recently. Hazel Strachan, from SPPA's insurers RSA, looks at what is covered under the Child Protection (Abuse) Cover and explains why your group should also consider Directors and Officers Cover.

Child Protection (Abuse) Cover

Child Protection (Abuse) Cover was excluded from your Public Liability insurance with effect from renewal on 1 April 2005. The exclusion only relates to acts of abuse to children when in the care of the SPPA Group.

Any other injury suffered by a child whilst in the care and responsibility of the SPPA Group and for which they are held to be legally liable for that injury, which is not the result of an act of abuse, would fall within the cover provided by the Public Liability insurance under the policy. For example, if a child tripped and injured themselves whilst within the care of the SPPA Group, and the Group was held to be legally liable for that injury, then the policy would operate in these circumstances as the injury did not arise from an act of abuse.

Although we usually associate abuse as something physical it does go further than that and includes mental injury. Abuse is defined as meaning:

- acts of hurting or injuring mentally or physically by maltreatment or ill-use
- acts of forcing sexual activity upon or rape or molestation or
- repeated or continuing contemptuous coarse or insulting words or behaviour.

If you are able to comply with the statements in the Application for Child Protection (Abuse) Cover, you can purchase a specific Child Protection (Abuse) cover. This cover is arranged on a Claims Made basis, that is to say the indemnity is in respect of claims made against the Insured and notified to the Company (RSA) during any Period of Insurance, irrespective of the actual date of the incident.

Directors and Officers Cover

Did you know that as a trustee, board member, governor or Committee Member of a Not for Profit Organisation or A Director of a Limited Company you could be held personally liable for any loss falling on the organisation as a result of your own errors or omissions, or those of your co-trustees etc.? This means that potentially your house, car and savings could be at risk.

No-one who is concerned in the management and administration of any part of the organisation should be complacent - mistakes are easily made and may prove personally very expensive in terms of the costs of defending an action and meeting any award of damages. So, how can a claim arise? Here are some examples to illustrate what can happen.

Claim for alleged Discrimination

A candidate for a job alleged that he was unfairly discriminated against due to his race, and that the position was given to a white candidate who was less suitable and qualified. Considerable defence costs were incurred in defending the allegation.

Claim for alleged Denial of Access (Breach of Contract)

A claim was made against trustees, as they had sub-let a section of their premises to another organisation, without consulting the landlord. This broke the conditions of the property lease, and the landlord ordered the eviction of the sub-tenants who brought a successful claim against the trustees for denial of access. Over £12,000 was paid out under the policy.

Mental Anguish or Emotional Distress

A company director was taken to court following an allegation made by a former female employee, of sexual discrimination and harassment. She claimed she suffered from emotional distress and mental anguish. The defence costs of the allegation were covered under their defendant's Directors & Officers policy.

Personal Liability for Unpaid Taxes following Insolvency

A company had become insolvent and creditors had to be paid. The company director unknowingly paid off creditors first, and so had no funds left to pay his tax bill. This led to an investigation for not complying with HMRC regulations even though he had acted innocently. He was charged for failure to pay the company's tax and as the directors' liability is not limited, the director was fined for this wrongful act.

Professional Indemnity Cover

It is common to provide advice, information or assistance to the public, and even if provided without charge, a liability can arise if the services are not performed with the necessary degree of care.

If, for instance, you commit to provide nursery places for thirty people and are only able to source a room for fifteen, then the fifteen people who you have contracted to provide the service who have been unable to take advantage of the service, could sue for a breach of duty.

Should your group elect to insure a package of optional extensions the following package rates apply:

Enhanced Package Rates

Cover	Bronze	Silver	Gold
Public Liability	£5m - £38	£5m - £38	£10m - £117
Business Interruption	£15K *ACOW - £21	£15K *ACOW - £21	£250K GP - £100
Professional Indemnity	£100K - £53	£250K - £80	£250K - £80
Directors and Officers	£250K - £80	£500K - £106	£500K - £106
Total Cost	£192	£245	£403
Discount	7.5%	10%	12.5%
Net Cost	£178	£221	£353

*ADDITIONAL COST OF WORKING

If you have any questions regarding insurance please contact SPPA's Membership & Insurance Administrator on 0141 221 4148.

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