

**DIOCESE OF SALFORD**  
**Education Service**

**Guide to Insurance**

**Introduction**

As you will no doubt be aware, liabilities and funding arrangements for insurance were changed in April 2002. These changes transferred the liabilities for buildings and fixed equipment to governing bodies. The funding for the insurance cover still comes from the LEAs directly into school budgets.

The following guidance explains how the insurance cover has been set up and agreed with the Diocesan Insurers, the Catholic National Mutual Limited, and the LEAs concerned with our schools. It also provides some explanation about what is covered by which policy, the funding arrangements and contacts for claims.

It applies to all of the schools as directed by the Diocesan Trustees. Religious Order Schools will already be making their own insurance arrangements.

**Commencement**

The complexity of establishing these arrangements, coupled with the fact that in most cases the LEAs had already arranged insurance cover, meant that these new arrangements could not be introduced immediately. The date for commencement of these new arrangements should have been in the financial year 2003/4, depending upon the LEA's actual accounting year.

**Establishment**

Schools will have two insurance policies, an LEA policy and a Diocesan policy. The Catholic Church Insurance Association (CCIA) administers the Diocesan policy.

Essentially the LEA policy covers revenue items such as contents. It also provides the necessary cover for public and employer's liability. The Diocesan policy covers capital items such as buildings and fixed equipment. These two policies dovetail in order to provide complete coverage and are invoiced separately. The Diocesan insurance is invoiced directly from CCIA early in October; LEAs will advise on their invoice dates.

LEAs will also advise on the level of coverage they provide since this varies between LEAs depending upon what level of self-insurance, balance of risk, etc they choose to carry.

Governing bodies should be aware of the need to take out separate Contract Works Insurance on all building works contracts organised by the governing bodies valued at over £10,000 (including fees, but excluding VAT).

There remain a few grey areas, eg sports halls funded by means other than grant aid, shared areas with external providers, etc. These will initially be covered by the Diocesan insurance until the legalities of the buildings are confirmed. Please advise the Schools Department if you have any such building at your school where the ownership and responsibilities for maintaining that building are not absolutely clear.

### **Diocesan Coverage**

The Diocesan policy covers the governors' liabilities where grant aid is not available. In terms of premises this is the 10% of any claims made against a building repair. The DfES, through grant aid, makes up the remaining 90% of the claim. In the event of a claim, the grant aid element could be made up from devolved formula capital, LCVAP, DfES contingency reserve, or any combination of the above, depending on the availability of funds and the value of the claim.

Examples of the type of claims made against this policy would include all premises repairs, reinstatements and replacements following fires, floods, impact damage, large scale vandalism, subsidence, etc. The policy covers the building elements only, including furniture, fixtures, fittings, fixed equipment and ICT Hardware. There is a *de minimis* amount of £2,000 below which any premises damage would be covered by the LEA policy or schools' own arrangements. There is also an excess on the policy of £300 per claim that the governing body has to pay. The amount of excess payable may vary between LEAs and the reason for the claim, but for the purposes of this guidance it will be referred to as £300.

Responsibility for replacement of loose furniture is dependant upon the value of the claim and whether it is considered by the DfES to be part of a larger capital claim, i.e. above £2,000. Below this amount it would be considered as revenue and covered by the LEA policy.

There are some exceptions to this general rule, namely buildings on playing fields such as pavilions and changing rooms, and these are still the responsibility of the LEA.

### **LEA Coverage**

The LEA policy covers everything else.

All contents of schools, loose equipment, consumables such as paper, materials, books, learning resources, etc are covered by the LEA policy. Any building works between the excess amount of £300 (or whatever amount has been set by the LEA) and the *de minimis* amount of £2,000 are also covered by the LEA policy. Again there is an excess applied to each claim.

LEAs also provide cover for public and employer liabilities in most circumstances. There are some exceptions where non-curricular activities are undertaken on the school premises such as Parent Association events, Sunday Schools, etc. These need to be insured separately. Liabilities associated with such non-curricular activities are automatically covered under the Diocesan insurance arrangements administered by the CCIA.

Governing bodies are advised to ensure that any persons or groups that are hiring part of a school for other activities (e.g. scout groups, football teams, etc) carry their own insurance and can produce a valid certificate. Otherwise this will need to be covered by the governing body with the associated costs. Both CCIA and LEA can arrange blanket coverage for such events, which could be passed on to the hirer.

### **Examples of claims and contact arrangements**

While it is virtually impossible to give an example for every eventuality, the following common examples should give a flavour of how the separate insurances work together.

A break-in with minor damage to windows (under £2,000) and associated minor theft would be covered by the LEA insurance and should be claimed via the relevant LEA department. Contact your LEA in such circumstances.

A vandalism attack involving the breakage of a small number of windows valued at under £300 would not be claimed for since it is below the excess amount (depending upon the LEA). Between £300 and £2,000 a claim should be made on the LEA insurance and over £2,000 on the Diocesan insurance. Contact the relevant party depending upon the value of the claim.

A fire in a classroom causing serious damage to that room and smoke damage to the surrounding rooms is likely to run to a large amount of money. CCIA and the LEA should both be notified. They would arrange for the insurance loss adjusters to estimate the total value of the claim and apportion the losses accordingly between the LEA and Diocesan insurers. The LEA insurance would cover the materials and contents losses while the Diocesan insurance would cover the building repairs. In this instance the excess would apply twice since claims were being made against both policies.

A burst pipe and ensuing flood damage to flooring and carpets but with minor contents or equipment damage and valued at over £2,000 would be covered by the Diocesan insurance.

A personal injury claim from a parent who tripped in the school playground while collecting a child and broke an ankle would be covered by the LEA insurance. The LEA should be notified immediately as delays may prejudice the claim.

The total destruction of a school by whatever cause would need to be discussed at length with the DfES. Contact the Diocese.

## **To summarise**

There are two insurance policies, invoiced separately by the LEA and Diocese. These dovetail to give complete coverage.

The funding for both is provided by the LEA through schools budgets.

For any claim valued at under £2,000, the LEA insurance provides cover.

For any claim for loss of equipment, contents, etc. for whatever value, the LEA insurance provides cover.

For claims over £2,000 involving premises the Diocesan insurance pays the 10% governors' liability with the 90% grant aid coming from DFC, LCVAP or DfES contingency funding.

## **Contacts**

For LEA insurance advice, enquiries etc. contact your relevant LEA Insurance Officer.

For Diocesan insurance advice, enquiries etc. contact David Brookes at the CCIA on 01253 508822.

Any other queries or advice, contact Martin Lochery on 0161 7361421.