



Insurance Information Sheet

Public Liability Insurance for Events

This information sheet considers the importance of community events and suggests practical approaches to making 'event insurance' more manageable. Public liability insurance is defined and the reasons why public liability insurance is necessary are outlined. There is also a suite of strategies to assist in planning and managing the risks associated with community events and a list of useful resources.

Role of Community Events

Thousands of community events are held each year in New South Wales (NSW). Local festivals and events play a major role in community development; they bring people together to build a sense of unity essential to the functioning of healthy communities. They also provide opportunities for social interaction with neighbours and the wider populace, strengthening a feeling of belonging and creating a sense of place.

Community events expose people to new ideas and experiences and encourage tolerance and increasingly, they are also often part of a non government organisations (NGOs) fund raising and promotional activities.

One of the most important parts of the event planning process is to arrange public liability insurance. Unfortunately, the increasing cost of public liability insurance is making many small NGOs think twice about convening local events.

What is Public Liability Insurance?

The NSW Government's Office of Fair Trading defines public liability insurance as:

"Insurance under which the insurer agrees to indemnify the insured for legal liability owed to another person who suffers loss or damage by reason of the insured's activities."¹

In other words, the insurance provides cover where a third party i.e. a member of the public or service user (but **not** an employee or volunteer), is killed or physically injured or their property is damaged due to the **negligence** of the insured.

E.g. a public liability policy is likely to cover the case of a person who trips over a peg of the refreshment tent and breaks their ankle. The policy may be used to pay out the claim or to provide legal costs and expenses to defend the claim.

Why do we need public liability insurance for our event?

The legal requirement for NSW Incorporated Associations to have public liability insurance was removed in 2002. However, it is strongly recommended that NGOs have insurance in place, particularly if they deal directly with the public.

But we've eliminated all the risks.....

Events are expensive to stage, they require long and careful planning and they can carry a high level of risk. Even in the best planned event, accidents can happen, which makes public liability insurance

absolutely essential to protect the organisation's assets. Insurance is a means of transferring the risks that are not foreseen or cannot be prevented, to another organisation. The insurer is being paid to take on that risk.

But we've already got insurance.....

Activities that are outside day to day operations may not be covered by the NGO's existing insurance. A fundraising fete may be deemed by the insurer to be outside normal activities. It is therefore important to check with the insurer well before the event goes ahead, to allow time for organising additional cover if necessary. This is preferable to having a claim rejected because that activity was excluded. There are many different conditions and exclusions that can be applied to public liability policies, so it is important to discuss any changes with the insurance provider.

But the venue hirer has insurance.....

In many cases taking out public liability insurance is a condition for hiring the venue. The venue hirer and the NGO are separate legal entities; an action can be taken against either or both. The property owner's public liability insurance covers their activities and responsibilities e.g. maintenance of the grounds. The hiring NGO is advised to take out insurance to cover its activities.

Some larger organisations may hire out venues to smaller, non-insured NGOs with the premium for cover included in the hiring fee. This can raise questions about who is then responsible for the safe conduct of the event.

What can be done to make your event insurance manageable?

- Choose an insurer with experience of the NGO sector.
The price charged by an insurer depends on a large number of factors including the activities carried out by the insured organisation and the insurer's experience of the sector. It is therefore important that the insurer is familiar with both the NGO and the sector.

There are several insurance providers that cater specifically for the sector. NCOSS lists some of these on the website at www.ncoss.org.au/insurance (see Insurance Resources).

NCOSS Community Cover, an insurance scheme developed specifically for the NGO sector, also provides a package of insurances customised to the needs of NGOs.

See <http://www.ncoss.org.au/content/category/9/156/172/>

- Plan carefully. The risks associated with an event can be reduced by planning the event thoroughly. The NSW Premier's Department website www.events.nsw.gov.au is a good place to start. This site has a wealth of useful information and links to other websites.
- Begin your investigations into insurance early enough so that you have time to shop around and time to negotiate with insurance providers.
- Investigate to see if your organisation is covered or could be covered by a larger organisation's insurances e.g. the local council.
- A one-off event will cost almost as much as cover for a whole year. If there is a chance of more than one event taking place annually, it may be more economic to organise a year's coverage.
- If the event is a regular part of your organisation's activities, include the event (with full details of activities) in your annual renewal.

- Have a documented risk management program in place and include this in your proposal to the insurer. The Events NSW website (see above) includes useful checklists and references.
- Maintain good records.
 - a. Keep a comprehensive record of all incidents and how they were dealt with.
 - b. Keep a documented record of any claims that have been made and the length of time the organisation has been operating without a claim.
 - c. Keep all records in a central easily accessible place so that you do not have to start from scratch if the event is repeated.

Since there will usually be an extra charge for each uninsured stall holder and performer, check if they are already covered. Dance schools and sports clubs generally have insurance for their activities and it is not unreasonable to expect any 'for profit' stall holder to have their own insurance cover. Check that providers of facilities such as jumping castle or porta-loos also have their own insurance.

- Negotiate. If the premium is too expensive, discuss the proposal with your broker to identify the activities that significantly affect the price. Then decide whether that activity is worth including in the event. Don't expect the first quote to be the final one; negotiate. Develop a relationship with your broker or insurance provider.

Sorting out the insurance might not be the most glamorous part of preparing for that event, but it is certainly an essential part that can't be avoided. Preparing thoroughly and keeping good records for the following years will be a good investment in the community.

Useful Links

NCOSS Web Site: <http://www.ncoss.org.au/>

Our Community: http://www.ourcommunity.com.au/insurance/insurance_main.jsp

NSW Dept of Premier and Cabinet, Community Engagement and Events Division
<http://www.events.nsw.gov.au/>

The NCOSS book "Insurance: What's It All About" can be purchased from
<http://www.ncoss.org.au/publications>

NCOSS is not a licensed financial advice service and this Information Sheet is provided as general information only. NCOSS does not underwrite or provide any advice in relation to NCOSS Community Cover. All enquiries as to the scope, terms and cost of NCOSS Community Cover should be directed to AON – the NCOSS Community Cover insurance broker. NCOSS receives a commission from AON when they sell NCOSS Community Cover products and that enables NCOSS to provide insurance and risk management assistance to the community sector.

ⁱ Website of the NSW Government Office of Fair Trading
http://www.fairtrading.nsw.gov.au/Cooperatives_and_associations/Associations/Public_liability_insurance.html