



Insurance Information Sheet

Renewing Insurance Policies

This information sheet provides a checklist for the process of renewing an organisation's insurance. It also draws attention to the new requirements for NSW Community Services (CS) and Ageing, Disability and Home Care (ADHC) funded services.

Renewing Takes Time

By law, insurers must give their clients at least two weeks' notice of renewal. However, it can often take a while for that renewal to reach the appropriate person and two weeks definitely won't be enough time to investigate alternatives if you are not happy with the service from your current provider. It makes good sense to put a reminder in your diary well before the renewal date to allow sufficient time to prepare.

Check List for Renewals

The following is a list of things to keep in mind at renewal time:

- Investigate alternative insurance options by applying for quotes from other insurance providers.

This process will generally take about three weeks, depending on how quickly the quote forms are returned. The NCOSS Insurance information sheet [How to Compare Insurance Quotes](#)¹ provides tips on what to look for. Six weeks before renewal the broker or insurer (insurance provider) should be contacted to send the renewal terms and copies of policies.

- Check the renewal carefully:
 - Is the set **value** of the insurance appropriate?

The insurance provider may change the value of property, for example, to reflect inflation or replacement costs. The organisation may have expanded, purchased new equipment etc. Are the public liability or professional liability levels appropriate for the current risks involved?²

¹ http://www.ncoss.org.au/projects/insurance/downloads/resources/comparingquotes_INS.pdf

² This is particularly relevant for ADHC funded services.

- Has the situation changed?

It is important that the insurance provider is notified about any changes which might increase the insurance risk of the organisation. For example, have new **activities** been introduced or is the **location** different? If it is not clear whether these changes are covered or not, ring the insurance provider to check.

- Check the **excess**.

This may have changed or it may be possible to change the excess to reduce the premium if the risk is acceptable.

- Check the **definitions** and **exclusions** to ensure that matters are covered if a claim is made.

- Has the insurer changed the **terms** of the policy?

Insurers review the terms of their insurance policies on a regular basis. They will usually inform policy holders about any changes in the policy in a covering letter with the renewal notice. In other cases, it may only be possible to tell that the insurer has changed the cover offered by carefully comparing the old policy and the new policy. If a claim is made and the changes are more restrictive and were not clearly brought to the attention of the policy holder, it may be possible to argue that the insurer should have to pay under the terms of the old policy.³

- Check that none of the common insurance mistakes referred to in the NCOSS insurance information sheet [Insurance Purchasing Errors](#) have been made.⁴ Contact your insurance provider before signing if there is an indemnity clause in the insurance contract.

Renewal of Insurances by ADHC and CS Funded Services

In March 2010 a range of measures aimed at reducing red tape were detailed in the report, *NGO Red Tape Reduction*.⁵ One of the strategies was to standardize the Department of Human Services (DHS) grants funding application for those not-for-profit human services funded by the DHS. Insurance requirements will no longer be prescribed by the funding agreements of ADHC and CS funded services. Instead the coverage and amount of insurance will be determined by service provider, based on their own assessment of risk.

³ Australian Securities and Investment Commission, 15/4/2009

<http://www.fido.gov.au/fido/fido.nsf/byheadline/Renewing+your+policy?opendocument>

⁴ http://www.ncoss.org.au/projects/insurance/downloads/resources/Info_Sheet_Purchasing_Mistakes.pdf

⁵ The report was developed by the Department of Premier and Cabinet and supports the commitment in the NSW State Plan to build a more effective NGO sector by reducing administrative red tape and by building on the existing skills in the sector.

ADHC funded services will have received the addendum to Clause 12 of the Funding Agreement which relates to insurance issues. This clause will be implemented when a service provider's current insurance expires; therefore renewal for ADHC funded organisations has extra implications. Clause 13 of the CS Service Agreement will also include the following changes.

The ADHC Clause 12 Addendum determines:

1. That the service provider must have undertaken an assessment of risk.

It would be expected that service providers already have an effective risk management process in place. However, there are a large number of resources available and a good place to start is the ADHC document [It's Your Business Chapter 6 Risk Management](#)⁶. The [Our Community website](#)⁷ also provides a range of risk management help sheets and checklists.

2. That the service provider has adequate insurance to cover property, public liability, director's and officers liability, professional indemnity, volunteers and Workers Compensation.

The service provider must determine the amount of insurance cover, for example, whether to take a public liability limit of \$10,000,000 or \$20,000,000 which will, of course, affect the premium. To help make the decision about the extent of coverage it is a good idea to get advice from an insurance expert, a broker for example, looking at your risk assessment, claims record and actuarial data for the type of service.

3. That the service provider "exercises the highest level of care and skill".

This may not be directly related to insurance but may have some implications with regard to professional indemnity.

Seek Professional Advice

Insurance is a necessary and important part of an organization's risk management process. It is very important to read and understand the policies, noting in particular the exclusions and definitions and the procedure for making a claim should one arise. If anything is unclear it is strongly recommended that professional advice be sought.

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⁶ <http://www.dadhc.nsw.gov.au/NR/rdonlyres/04A6CDE8-3C3E-4CF5-99A1-F8714C0C7996/4119/ItsYourBusinessChapter6RiskManagementWeb1.pdf>

⁷ http://www.ourcommunity.com.au/insurance/insurance_main.jsp