



INSURANCE IN THE OOSH CENTRE

PLEASE NOTE: Information provided in this fact sheet is general in nature and is not to be read as professional advice.

There are risks inherent in everything we do, however working in OOSH Care, you are faced with a very unique set of risks in your day-to-day work. Insurance is the tool that covers the gaps, when in spite of the most energetic efforts to manage and minimise risk, accidents and incidents occur.

Too much insurance is costly but too little is more expensive in the long run! Many business operators fail to make the link between cash flow and the importance of having the right insurance cover to protect against unexpected events. An accident, mishap or loss could put a hole in your cash flow that may be hard to repair.

WHAT IS UNDERINSURANCE?

Underinsurance is when your insurance cover is less than the actual cost to replace or repair your centre assets. Consequently, you may not be fully protected against the impact of unexpected events. Insurer research conducted in 2006-2007 revealed that at least 50 per cent of Australian small businesses are underinsured.

Correctly assessing the cost to repair, rebuild or replace your assets can be a challenge. The level of cover needed changes over time as costs increase or the centre purchases new equipment, refurbishes and takes on additional staff.

INFORMING YOUR INSURER AND READING THE FINE PRINT!

It is important to inform your insurer whenever you purchase additional equipment or there is a shift in the repair or replacement cost of your assets.

Each type of policy explains what is covered and what is not; make sure you read the fine print! Request a copy of the policy wording from your insurer and check what's covered and more importantly what isn't covered.

ONCE YOU'RE HAPPY WITH YOUR COVER

Keep an inventory of current policies in a safe place showing:

- ★ Name of insurer
- ★ Policy numbers

- ★ Expiry dates
- ★ Contact details of company

Keep proof of ownership documents:

- ★ File receipts, manuals, guarantees, photos
- ★ Engrave as many items as possible

Prevention goes hand in hand with insurance cover to make sure that your centre is not exposed. Lack of policy and procedures, lack of information, lack of commonsense and taking short cuts creates a risk situation. Insurance is not a blank cheque to cover poor procedures.

WHAT ARE YOUR RISKS?

There are four simple steps to follow in assessing risk.

1. What are the risks?
2. How do they impact you?
3. How can they be prevented or controlled?
4. How can you monitor and review them?

Risk Management is a "must do" for OOSH carers. But what is risk? And how do you manage it?

Applying the above four steps to every operational area of your business will provide an insight into the risks that need to be managed and how you can manage them. Involve as many stakeholders as you can in assessing risk to obtain a range of perspectives and develop documentation to record the Risk Management process that suits your business.

Minimise Risk – even when covered, if you have not taken sufficient steps to minimise risk, cover may be voided. For example lack of reasonable maintenance may create a situation where payment of a claim can be in doubt.

Mitigate Risk – take reasonable steps to make sure the loss doesn't continue. For example, after a theft you must secure the premises so that further thefts do not occur before the damage is fixed.

■ SOME INSURANCE IS COMPULSORY BY LAW

Workers Compensation Cover

Workers Compensation cover is compulsory in NSW to cover staff and volunteers from harm suffered during work hours or when travelling to and from work via an established route. "Harm" has a wide meaning and covers psychological harm as well as physical harm. For more information visit www.workcover.nsw.gov.au

■ SOME INSURANCE IS ESSENTIAL TO OPERATE SAFELY

Public, Products and Professional Liability

As an OOSH care provider you are exposed to significant 'legal liability' risks. This includes:

Public Liability*

Public Liability protects you for claims made by third parties (children, parents, members of the public, visitors, trespassers, contractors, etc) who may be physically injured or whose property may be damaged, or both, arising from the centre or the activity conducted at the centre.

Products Liability

Products Liability protects you for claims made by third parties for any physical injury or damage caused by a 'product' that you have supplied through your centre. For example (but not limited to) sandwiches, drinks, fundraising items, etc.

Professional Indemnity

Professional Indemnity protects you against claims arising from circumstances where you have been negligent in your professional duty as a child carer. Even if you have not been negligent, the legal fees associated with claims can be significant.

When it can be shown that some aspect of the centre's operation is negligent (i.e. does not take proper care) a claim can be made, sometimes for large payouts to cover ongoing medical care and support for someone who has suffered harm as a result of that negligence.

Check your cover includes volunteers undertaking activities authorised by the centre and includes management committee and parents. Cover for \$10 million to \$20 million is generally the range of cover. Ask whether this cover extends to Professional Indemnity and legal fees as well.

** It is no longer a legal requirement for incorporated associations to take out public liability, however it is essential in practice.*

Personal Accident

Provides disablement and death benefits up to a specified limit, which is related to the amount paid in. No "fault" has to be proved.

Make sure volunteers are also covered in this policy.

Property Insurance

Property insurance provides protection against most risks to property, such as fire, theft and some weather

damage. This can also include specialised forms of insurance such as vandalism, malicious damage, flood insurance, earthquake insurance and impact of outside agents such as vehicles.

In some instances the person who owns the building is responsible for taking out this cover. However, do not assume that the landlord has it covered, check and ask to see cover documents. You may be required to provide this cover so always check your lease agreement.

Look for Full Replacement Cost cover that covers buildings and contents replaced as new. Full Replacement Cost cover essentially removes the risk of underinsurance. No longer will you face the problem of your property assets value increasing beyond the value of your cover. Full Replacement Cost cover means that your insurer will pay the actual cost to rebuild or replace your building or contents if you have inadvertently undervalued your centre assets.

Burglary

Also known as theft. It covers contents stolen or damage to premises during the burglary. forcible entry must be shown, and it must be clear that efforts were made to secure all entry/ exit points. Following a claim, security may need to be upgraded or further claims may be rejected.

Burglary insurance does not cover theft of money, which should be insured separately – and a claim is likely to be restricted to \$100.

It is wise to balance the value of contents of the centre against the cost of insurance to make sure that cost does not outweigh value!

■ SOME INSURANCE IS USEFUL BUT NOT ABSOLUTELY NECESSARY, AND IS SOMETIMES IRRELEVANT IN AN OOSH SETTING

How do you determine if the insurance is necessary? It's a good idea to check the Value versus Premium you are paying. Check your excess; for example there's no benefit to insuring \$500 worth of glass if the excess is \$400 and the premium is an extra \$150. Also look for benefits such as the provision of temporary security.

Also check your lease agreement, as things like glass might already be covered, but not your property at the centre. If you are unsure about what's covered speak to your local insurance representative.

Glass breakage

Covers full replacement cost of glass (e.g. windows), toilet bowls and sinks. Check with the school/ landlord/ council/ management who will insure.

Business interruption

Provides cover if centre operations were seriously disrupted through accident e.g. in the event of an outbreak of an infectious disease requiring closure.

Breakdown cover

Covers for the effects of electronic and electrical breakdown e.g. spoilage of goods in the freezer.

Employee dishonesty

Covers fraudulent misappropriation/ embezzlement of cash by an employee/ volunteer, e.g. it might deal with a situation where the treasurer of the management committee steals centre funds.

Cash in transit

Covers the journey to and from the bank for a fixed period, usually 48 hours and when money is in the possession of a committee member until the next banking day.

Directors and Officers Liability

Covers honest mistakes or wrongful acts, however, it does not cover wilful mistakes. The intention of the person doing the wrong thing is an important factor.

Funding requirements

If you receive funding or capital items for the centre, check whether a certain level of insurance is required.

■ CHOOSING AN INSURANCE COMPANY

- ★ Does the company endorse the Insurance Code of Practice?
- ★ Check the Australian registration of the company (so liability cannot be denied through an offshore connection).
- ★ Obtain at least two quotes on your specific insurance needs.
- ★ Ask about availability of 24 hour telephone support.
- ★ Request information about background and services offered and any risk prevention information available.
- ★ Check definitions and exclusions for policies.
- ★ Check deductible amounts, that is, the amount that the centre will be required to pay towards any claim made.
- ★ Do they have an office in your state or area?
- ★ Look for value added services such as risk management.

■ ONCE YOU'VE TAKEN OUT THE POLICY

Managing incidents/ accidents:

- ★ Remain calm and professional.
- ★ If there is serious damage (e.g. from fire/ flood) contact the State Emergency Service (SES) for help.
- ★ Do not admit that you were at fault, even though it is natural to want to apologise where you think you may have been a cause of the accident.
- ★ Never offer compensation or put anything in writing before you talk to your insurance company.
- ★ Contact your insurance company as soon as able.

- ★ Keep a clear and detailed record of the incident.
- ★ An authorised person should complete a formal report.
- ★ Keep records of who was in the centre at the time (if during operating hours).
- ★ Document all steps taken.

■ MAKING A CLAIM:

Telephone the insurance company with details of the claim (when, where, how) the policy number and a rough estimate of the loss/ damage (if possible).

- ★ Request a claim form.
- ★ Keep a full description of the incident.
- ★ List items stolen and damage incurred, or details of personal accident/injuries.
- ★ Report burglary, loss, malicious damage to Police immediately.
- ★ Provide details of the incident and the police report number to the insurance company.
- ★ Keep damaged items until inspected.

■ USEFUL CONTACTS

1. Guild Insurance – Phone 1800 810 213 www.guildgroup.com.au

Network of Community Activities has a referral agreement in place with Guild Insurance who supports your association through the payment of referral fees for certain products or services you take out with them. Benefits of using Guild include:

- Discounted premiums for Network members.
- OOSH specific insurance cover.
- Award winning Risk Management services.

2. Insurance for centres operated by P & C Associations 02 9360 2481 www.pandc.org.au

3. Insurance Council of NSW Helpline: 1300 363 683

■ OTHER RELEVANT OOSH DEVELOPMENT FACTSHEETS

- ★ Risk Management and Assessment

THIS FACTSHEET LINKS TO QA 8 “MANAGING TO SUPPORT QUALITY”



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