This factsheet is intended primarily for Outside School Hours Care services in New South Wales who are operating as an incorporated association; however, much of the information will also apply to private providers.

There is no requirement under the Associations Incorporation Act 2009 for associations to take out and maintain any specific type of insurance. However, an association must comply with any relevant State and Commonwealth legislation applicable to its operations, and may be required to hold insurance under other applicable legislation.

As part of their governance obligations, management committees of Outside School Hours Care services are responsible for:

- Assessing the risks applicable to the activities of the association, and
- Determining if insurance is required, and if so the type and level of cover.

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

**POLICY TYPES**

There are many different insurance policies available to small businesses, although Outside School Hours Care services will not need all of the types available. Commonly used insurance policies are:

- **Fire and other perils** – designed to cover the building, contents and stock of the business against fire, earthquake, lightning, storms, impact, malicious damage and explosion.

- **Business interruption or loss of profits** – provides cover if the business is interrupted through damage to property by fire or other insured perils. Ensures that anticipated net profit is maintained, pays employee wages and pays additional costs of alternative facilities.

- **Burglary** – covers theft of property and damage from break ins.

- **Money** – covers loss of money being taken to and from the bank and while held on business premises.

- **Directors and Officers’ Liability** – protects the individual director and officer against legal costs and possible damages in defending allegations of Wrongful Acts in their capacity as a director or officer in the management of a company.

- **Electronic equipment** – to cover loss or damage of equipment vital to business operations.

- **Machinery breakdown** – covers breakdown of mechanical and electrical plant. Includes electronic and electrical breakdown spoilage of goods in the freezer.

- **Professional indemnity** – protects the business from legal action taken for losses incurred as a result of following advice from the business. This insurance is expensive but vital for consultants and professionals.

- **Product liability** – covers damage or injury caused to another business or persons through failure of a product sold, imported or modified by the business.

- **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.

- **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.

- **Workers compensation** – see below.

- **Public liability** – see below.

**Workers’ Compensation**

Workers’ compensation is compulsory for businesses employing staff. Workers’ compensation insures employees against injury or death in the workplace. Through the workers’ compensation system injured workers may have an entitlement to weekly payments, lump sums for permanent impairment (and pain and suffering where applicable), payment of medical bills, provision of legal assistance to pursue a claim and intensive rehabilitation assistance.

The amount of workers’ compensation premiums payable is calculated on the basis of salary/wages paid, but the rates vary depending on the industry a business operates in and claims history of the business.
For more information visit
www.workcover.nsw.gov.au

Public Liability

Public liability insurance protects a business against the financial risk of being found liable for third party claims such as death, injury, loss/damage to property or ‘pure economic’ loss resulting from business negligence.

Service approval from the Department of Education and Communities (the Regulatory Authority) is only granted subject to a condition that the approved provider must hold a minimum $10,000,00 cover for public liability insurance.

WHAT INSURANCE IS NECESSARY?

In determining the insurance needs, consult a knowledgeable Insurance broker. They can understand your business and advise you of the costs and benefits of insurance premiums.

Some Insurance is USEFUL but not absolutely necessary and is sometimes irrelevant in an Outside School Hours Care 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 the 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.

Check your lease agreement, as things like glass might already be covered, but not your property at the service. If you are unsure about what’s covered speak to your insurance representative.

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.

ADMINISTRATION

Once you have taken out the policy, there are a number of administrative tasks that will be undertaken as part of the insurance process, these include:

Inventory of current policies:
• Keep a list of all policies in a safe place showing:
  • Name of insurer
  • Policy numbers
  • Expiry dates

• Contact details of the insurance company, including name of the representative
• Keep proof of ownership of equipment, materials, etc.:
• Receipts, manuals, guarantees, photos
• Engrave as many items as possible

Informing your insurer and reading the fine print:

It is important to inform your insurer whenever you purchase additional equipment, or there is a change 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.

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.

CHOOSING AN INSURANCE COMPANY

When choosing your preferred insurer, you should also think about factors such as price, history, services, company registration, and the option of having a legal counsel. All these give you a better idea regarding the credibility of your insurance company.

When looking for the perfect insurance for your business, there are more than just the insurance policies and the insurance professional to consider. You also have to consider the background of the insurance company. After all, this is the institution where your insurance policies would come from. So it does help to know if they could really provide you with what you need and what you want.

Factors to consider:
• 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.

USEFUL CONTACTS

1. Guild Insurance
   Phone: 1800 810 213
   www.guildgroup.com.au
   Network of Community Activities has an agreement in place for its members with Guild Insurance. Benefits of using Guild include:
   • Discounted premiums for Network members.
   • Outside School Hours Care specific insurance cover.
   • Award winning Risk Management services.

2. Federation of Parents and Citizens’ Associations of NSW
   (For insurance for Outside School Hours Care services operated by P & C Associations)
   Phone: 1300 885 982
   www.pandc.org.au

3. Insurance Council of NSW
   Helpline: 1300 728 228

4. WorkCover NSW
   Phone: 13 10 50
   www.workcover.nsw.gov.au

OTHER RELEVANT OOSH DEVELOPMENT FACTSHEETS

★ Risk Management and Assessment