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# Get the right insurance by asking the right questions

**a NFP Insurance Guide**





# Getting the right insurance is all about asking the right questions

We understand the value of volunteering and the pressure not-for-profit organisations are under to save money, while maintaining the right level of insurance cover. Organising your insurance can be a daunting experience; with a number of risks to consider and a lot of technical jargon to decipher, you would not be blamed for wondering ‘what is my organisation actually covered for?’

This guide has been designed by Aon to get you thinking about the questions to ask when discussing your insurance, so you can be confident you have it right. Before we look at the questions, consider these when you talk to your insurer/broker?

- Are they making assumptions with pre-conceived ideas of how your organisation operates?
- Are they directing you towards a standard policy and not asking you questions specific to your organisations activities?

If the answer is yes, you may want to start asking a few questions to test whether they truly understand your organisation.

## Always ask questions

To give you peace of mind, here are a few questions you should consider asking to help you secure the cover that is right for your organisation.

- Does the policy cover our volunteers?
- If I make a claim what will my organisation have to contribute? These are often called **excesses** or **deductibles**.
- What covers are included under the policy?
- What Liability and Indemnity levels are available?
- Are one off events covered? Do they need to be stated?
- If your organisation owns or leases motor vehicles are they covered as part of the policy?
- Does the policy cover volunteer vehicles when using them for your organisations activities?
- Does the policy cover your organisation’s premises and its contents?
- Are items owned by your organisation covered away from the premises?
- Does the policy have any age limits that I should be aware of that may affect a claim?
- Does the policy appropriately cover your organisation for cyber risks?

## Your broker or insurer should be asking you:

- Please disclose all activities that your organisation is involved in?
- How many employees, volunteers are there & do you require cover to extend to the volunteers?
- How many members on the board?
- What events if any will you be organising where there will be over 100 attendees such as fetes, festivals, concerts, door knocks etc?
- Have you disclosed all locations related to your business?
- What risk management other than insurance do you currently have in place?

## Useful Tips

- An insurer should never tell you the level of liability or indemnity cover you require. This has to be your decision; however they should be able to give you advice on the types of things you need to consider, ask for examples so you can make an informed decision.
- To get the right balance of cover and price ask whether covers are optional, some policies are flexible allowing you to remove covers. Before removing them though think about two things; have they given me enough information to make an informed decision? Is it actually going to make my premium cheaper?
- You should make a list of the activities your organisation participates in before you call, including events and fairs.

## The key NFP insurance covers

Aon has been working with Not-for-Profit organisations in Australia for over 30 years and have developed Not-for-Profit policies specifically for community organisations including:

- Protector/Association Liability (Combined Professional Indemnity & Management Liability)
- Public & Products Liability
- Volunteer Workers Personal Accident
- Cyber
- Property & Business Interruption
- Motor Vehicles (Owned & Non-Owned)
- Journey

# Protector/ Association Liability



## Combined Professional Indemnity and Management Liability

### What is it?

A policy that covers your organisation's directors, officers and office bearers against legal obligation for actions arising from their duties. It also protects your organisation against alleged wrongful acts, and extends to employment practices liability and fidelity. This is a combined policy for community boards with 6 classes of insurance:

#### 1. Professional Indemnity

Covers your organisation for giving advice i.e. NDIS, counselling, respite/health care, education, installation advice on home modification & maintenance, defamation of visiting professional expert by committee on technical grounds, advice on upcoming regulatory regimes.

#### 2. Management Liability

Covers each organisations Boards, Manager and Officers from alleged Loss, arising from a Claim first made or commenced against that Board/Manager/Officer. For example; their negligent acts, misstatements, breach of duty, incompetent supervision, ineffective administration etc.

#### 3. Association Liability

Covers alleged Loss arising from an alleged Claim, made or commenced against the Association.

#### 4. Employment Practices Liability

Cover for any Loss arising from an Employment Claim. For example; alleged wrongful/unfair dismissal, discrimination and harassment complaints.

#### 5. Employee Fraud or Dishonesty

Cover for Direct Financial Loss incurred due to acts of fraud or dishonesty committed by an employee. For example, theft of contributions or membership fees, dishonest allocation of government grants etc.

#### 6. Superannuation Trustees Liability

Cover for any loss incurred where you're acting as a Superannuation Fund Trustee, i.e. a claim arises from your error or omission whilst acting as a Trustee for a Superannuation Fund.

### Why do I need it?

A director, officer or office bearer of your NFP in carrying out their normal duties, may receive an allegation of wrongdoing. So too, may paid staff or volunteers as part of the daily running of the organisation, for example, when giving advice via the phone, your website or marketing material. That's why our Protector/Association Liability will help cover the organisation and the individual.

# Public Liability

## Combined Public and Products Liability



## What is it?

A policy covering all sums for which the Insured shall become legally liable to pay as compensation for personal injury or property damage caused by an occurrence in connection with the Insured's business activities within Australia.

## Why do I need it?

If third parties suffer an injury or property damage as a result of your organisations activities, this policy will help ensure your organisation, directors, paid & voluntary workers are protected in the event of a claim.

## Policy Highlights

- Wording tailored specifically for Not-for-Profits
- Alleged Molestation Endorsement - \$5,000,000 any one claim & and in total for the policy period
- Participation for non-contact sports, activities and events (Contact sport participation can be negotiated if required)
- Goods in Care, Custody & Control - up to \$250,000
- Event cover can be included

## Example Exposures

- An action is brought against the organisation for slip & fall
- Third party is injured during respite care
- Food poisoning from food prepared & served by the organisation
- Damage to third party property i.e. walls, equipment

# Voluntary Workers Personal Accident



## What is it?

A policy that covers volunteers, work experience, work for the dole & Centre Link mutual obligation. Covering people carrying out activities on behalf & at the direction of the Insured (including during direct travel to & from the voluntary activity), for accidental injury or death. We offer a policy with no age limit - your volunteers will be covered no matter how old.

## Policy Highlights

- Wording tailored specifically for Not-for-Profits
- Nil age limits (Must be able to follow instruction and work independently. Home Help limited to 52 weeks for those over the age of 65)
- \$10,000 Funeral Expenses
- \$3,000 Out of pocket expenses due to an injury reasonably and necessarily incurred
- \$15,000 Home or car renovation/modification
- \$10,000 Professional financial planning advice provided by a qualified financial planner following a claim
- \$10,000 Accommodation & Transport Expenses
- \$15,000 Non Medicare Medical Expenses\*

\* Under Federal Legislation it is illegal for insurance companies to cover those medical items that would or should have been covered by Medicare. This means insurers cannot cover Medicare gaps in payments, eg. if a GP charges \$100 for their service & the medical scheduled fee is \$75. This would leave a \$25 gap which is uninsurable.

## Example Exposures

- If a volunteer is accidentally injured and becomes permanently disabled, they will be paid death & capital benefit as per your sum insured.
- If a Volunteer trips and breaks a leg, they can claim Non-Medicare Medical Expenses, up to \$10,000.
- If the volunteer is injured and cannot work they'll be paid a weekly benefit including home help and tutoring.

# Cyber Insurance



## What is it?

Cyber insurance is a product to protect organisations and individuals from Internet-based risks, and more generally risks relating to IT infrastructure and activities. Cyber risk is an exposure that no modern business can escape, and the financial impact of system interruption, privacy and cybercrime events are now felt within all industries.

## Why do I need it?

As a Not-for-Profit, you will store a lot of personal information on your systems. With the recent rise in cyber hacks and attacks, and the fact that standard insurance policies won't protect you in the event of one, what would happen if one of those affected was your NFP?

Cyber-crimes include cyber-stalking, industrial espionage and information theft, fraud, extortion, identity theft, phishing scams and cyber terrorism. Cyber criminals use malware and viruses, computer and network hacking, denial of service attacks and fraudulent online scams to commit their crimes. It is relatively easy to access computers and networks inadequately protected by virus software or passwords. Hackers directly steal laptops, computers and mobile devices and take advantage of computers that are left unattended.

While conventional insurance products may provide elements of cyber cover, gaps exist. Conventional insurances were not designed to meet the evolving nature of certain cyber exposures. Where policies are ambiguous, it is likely a cyber claim will be resisted by insurers.

## Further Background

Cyber criminals are working on new techniques to penetrate the security of organisations to misappropriate funds, cause damage, access sensitive data, and steal intellectual property. The deployment of malware and malicious software has rocketed by 400% since 2012. Organisations that operate critical infrastructure and industrial control systems are being targeted, resulting in destruction to systems and operations technology, property damage and considerable business disruption.

### **Legislative changes means increased responsibilities**

- Mandatory breach notification laws passed both houses of federal parliament in February 2017 with a minimum effective date of 22 February 2018
- Greater accountability in the collection and management of personal information
- Increased power of the Privacy Commissioner to conduct audits and issue enforceable undertakings, backed by a penalty regime (maximum of \$340,000 for individuals and \$1.7 million for organisations).



## Decoding the technical terms:

**Malware** - short for malicious software and refers to any software used to disrupt computer or mobile operations

**Ransomware** - a type of malicious software that blocks access to the victim's data or threatens to publish or delete it until a ransom is paid.

**Worm** - a self-replicating malware computer program designed to spread to other computers

**Exploit** - a software tool designed to take advantage of a flaw in a computer system, typically for malicious purposes such as installing malware

**Digital currency** - an internet-based form of currency which enables instant, borderless and anonymous transactions

## Policy Highlights

NFP Organisation	Third party
<ul style="list-style-type: none"><li>• Business interruption (loss of income and extra expenses)</li><li>• Costs to restore/recreate data</li><li>• Notification costs &amp; credit monitoring services including identity theft management</li><li>• Forensic and accounting investigation expenses</li><li>• Cyber extortion costs</li><li>• Crisis communication/ public relations costs</li><li>• Legal costs assisting with privacy notification/ compliance response</li></ul>	<ul style="list-style-type: none"><li>• Defamation claims</li><li>• Infringement of privacy and intellectual property claims</li><li>• Claims arising from network security failures</li><li>• Claims as a result dissemination of confidential information or damage to third-party systems</li><li>• Legal defence costs</li><li>• Privacy breach regulatory proceedings and investigations</li><li>• Fines &amp; penalties</li></ul>

# Property



## What is it?

A policy that covers for loss, theft or damage to items that generally don't leave your premises, like a machine, filing cabinets, desks or if fixed computers get lost, damaged or stolen.

## Policy Highlights

- Wording tailored specifically for Not-for-Profits
- Cover is based on Reinstatement and Replacement Values, i.e. new for old
- Policy includes Accidental & Malicious Damage
- Policy can include flood cover

## Policy Section Explanations

**Fire** - Loss of or damage to Insured's equipment or office contents while at normal place of storage against fire, explosion, earthquake, strike, lightening, storm and tempest, impact, accidental and malicious damage.

**Business Interruption** - Loss of Insurable Gross Profit including fees, income earned, etc. as a result of a claim under the Fire policy. Aon will help you calculate this sum insured based on the anticipated income to your organisation.

**Burglary/Theft** - Loss of or damage to equipment or office contents while at normal place of storage as a result of forcible or violent entry or theft by a person criminally concealed on the premises. When deciding your sum insured, consider how much could a burglar steal from your location.

**Money** - Your organisation will be covered in limited circumstances. This includes for money located: on premises during business hours and in a locked safe after business hours. It also includes cover for while the money is in transit to and from bank and the personal custody of your employee or volunteer.

**Machinery Breakdown** - Machinery Breakdown covers breakdown only. The machine itself is covered under Property insurance. Types of machinery that might breakdown would be air conditioners, fridges and freezers.

**Deterioration of Stock** - For example, your fridge/freezer breaks down and causes spoilage to food products.

**Computer & Electronic Breakdown** - You will be covered if your computer breaks down due to a hardware failure.

**Reinstatement of Data** - It covers the cost to recover stored data on your computer only. It does not cover you for privacy data breach and subsequent issues for which you would need Cyber Liability cover.

**Glass** - Replacement value of all internal/external glass.

**Employee Dishonesty** - Employee Dishonesty provides cover for your staff (can be extended to volunteers) stealing money or stock from your organisation. For example, your accountant takes money from the bank account over a period of time, a director signs a cheque to themselves or a staff member steals stock designated for an aid relief.

# General Property



## What is it?

A policy that covers items that **leave** your premises, like a mobile phone, projector or laptop, that then get lost, damaged or stolen.

## Policy Highlights

- Wording tailored specifically for Not-for-Profits
- Cover is based on Declared Values
- Policy includes Accidental & Malicious Damage
- Cover includes Transit Risk
- Cover includes theft from securely locked vehicles

## Policy Section Explanations

**General Property/Special Contingency** - Covers your organisation's portable equipment (e.g. data projectors, whipper snippers, iPad etc.), where it is taken from securely locked third party locations such as other peoples offices, cars, residences etc.

# Owned Motor Vehicles (Comprehensive)



## What is it?

A policy that provides broad coverage for all the motor vehicles owned or leased by various volunteer and community groups.

The policy acts similarly to a standard comprehensive policy of insurance, e.g. if your vehicle is damaged: the cost of the repair will be covered or a cash settlement paid if the car is written off. Damage to third party vehicles or property is also covered by the policy.

## Policy Highlights

- Online driver training course available free of charge
- Automatic inclusion of accessories i.e., wheelchair hoist, provided declared in the vehicle sum insured
- CTP gap coverage - all vehicles that may cross borders i.e. Albury to Wodonga as each State and Territory have different compulsory Third Party personal injury legislation the gaps are picked up by this policy
- Vehicle is covered when loaned or hired to like organisations
- Automatic coverage for additional vehicles allowed up to \$500,000
- Hire vehicles following accident or theft to \$1,500 a week up to a maximum of \$7,500 per claim
- Signwriting at reasonable replacement cost
- Replacement vehicle if written off in first 2 years of registration
- Loss of lease, hire purchase or financial agreement payout: capped at 25% of market value or sum insured (whichever is lesser)

## Example Exposures

- Vehicle is damaged in accident or stolen and has to be repaired or replaced
- Vehicle involved in accident and causes damage to someone else's property (up to limit \$35,000,000)
- Vehicle involved in accident or stolen and hire car needs to be hired (\$1,500 per week up to maximum \$7,500 per claim)
- Signage needs to be redone on vehicle, following damage in a motor accident (up to market value)
- Windscreen is broken and needs to be replaced
- Replacement vehicle if written off in first 2 years of registration

# Non-Owned Motor Vehicles



## What is it?

A policy that covers loss of excess, loss of no claim bonus at the time of the accident, and hire costs for vehicles not owned by your organisation (such as volunteer or employee owned vehicles) but being used on behalf of the organisation.

## Policy Highlights

Policy extends to both volunteer and employee vehicles whilst being used for voluntary work on behalf of the insured:

- Combined limit for loss of no claim allowance and excess is \$1,500
- 2 limit options for hire vehicles.
  - Option A Maximum of \$500 per week up to \$2,000 any one claim
  - Option B Maximum of \$1,000 per week up to \$5,000 any one claim
- It is a condition of this extension that the vehicle is comprehensively insured by the owner against accidental damage or for Third Party Property Damage only. For Third Party Property Damage, these will be for loss of excess only.

## Example Exposures

- Volunteer/employee is involved in a car accident whilst volunteering/working using their own vehicle. They would claim through their own comprehensive policy and then be able to claim through this policy the excess they have paid, loss of no claim bonus and hire vehicle costs.

# Journey Cover



## What is it?

Journey Cover is insurance to protect employees whilst travelling directly between the boundaries of their place of residence and place of business, for the purposes of starting or ending their day's work. For example, it would cover your trip and fall on your way to work.

## Why do I need it?

As you may be aware, Journey Cover is now excluded from Workers Compensation in most states of Australia for employee journeys to and from work. States that now require Journey Cover are:

- New South Wales
- Victoria
- Tasmania
- Northern Territory
- South Australia
- Western Australia

## How can I cover this gap?

We offer Journey Cover through our Group Personal Accident product with generous sums insured as detailed below:

<b>Death &amp; Capital Benefit</b>	\$100,000
<b>Weekly Benefit</b>	85% weekly salary to a maximum of \$1,000
<b>Deferral Period</b>	7 days
<b>Benefit Period</b>	Up to 59 years – 104 weeks 60 to 65 years – 52 weeks 66 to 69 years – 26 weeks

# Missing a piece of your NFP Insurance Puzzle or paying for covers you don't need?

## 6 key Insurance Covers



## additional cover options



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Contact the Aon NFP Team for more information:

**[aon.com.au/nfp](https://aon.com.au/nfp)**

**1800 123 266**

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