



BGA CLUB MANAGEMENT GUIDES

Insurance and Risk Management

INSURANCE AND RISK MANAGEMENT

Insurance

The subject of insurance is complicated. Some insurance is a legal requirement, some is required under BGA Operational Regulations and some is discretionary. Ideally a club should find a good Insurance Broker and should only move to alternative brokers if absolutely necessary. His advice will be invaluable.

The principal elements of each insurance policy will be

- to provide cover against the risk of a claim against the club by one of the members or by a visitor or other third party
- to compensate the club for any loss suffered in the event of an accident, event or incident which causes damage to or loss of an insured item.

Airfield

Owning or operating an airfield entails having an Airfield Operators Liability policy or its equivalent. Airfield Operators Liability insurance is very important and the Committee should ensure that adequate cover is available. The policy should make specific provision for member to member cover as this is often omitted from the normal schedule.

Aircraft

It is mandatory under EU law to have third party cover for aircraft. This includes

- cover for any claim made by someone in the 'second seat'
- cover for claims from someone outside the aircraft, who has suffered injury or loss such as damage to property or crops, or personal injury.

See Laws and Rules for the up-to-date amount of cover required.

Insurance cover for the aircraft itself, i.e. the value of the aircraft and its related equipment, is not obligatory. A club may decide to save the cost of the premiums and effectively to self-insure. This should only be done if the club is willing and able to stand the financial loss of a written-off aircraft, including the ongoing loss of income when the aircraft is not available. If self-insurance is adopted it is prudent to put aside the money saved on premiums so that there is a fund available to pay for repairs and replacements if an aircraft is damaged.

A Club may decide to hold individual pilots responsible for the first £500 or so of any damage or for the amount of the excess where the glider is insured comprehensively. This makes the individual more aware of their responsibility and they can insure against this risk for a modest premium.

Clubs which have had a Lottery Sports Fund grant for the purchase of an aircraft must insure the aircraft comprehensively for an agreed value, even if the grant was only a proportion of the cost. This usually continues for seven years from the date of the award.

Buildings, contents and other property

It is not mandatory to insure buildings and contents, but it is prudent to do so and it may be a condition of any lease, bank loan or grant.

Vehicles

If any vehicles are to be taken on the public road, they must be insured in compliance with the usual legislation.

Employer's Liability

A club employing staff must, by law, have employer's liability insurance and the certificate of insurance must be displayed at the place of work. This provides unlimited cover and meets claims by staff for loss or damages suffered in any accidents in the course of their work.

Paperwork

All insurance policy documents should be kept beyond the year they relate to, as you may want to make a claim several years later and you will then need to be able to refer back to the insurance that was in place at the time of the accident or event giving rise to the claim. Legal advice should be obtained on the detailed requirements of the various types of claim.

Risk Management

A risk is the chance, great or small, that the organisation will be damaged in some way as a result of a particular hazard. For example, a rope or cable left in the wrong place is a hazard, which could lead to injury to a member or a visitor. As a result there are risks of injury, litigation and direct financial costs. In general terms a risk assessment looks at the likelihood of an event occurring and the consequences if it does. Having established the perceived level of risk it is then normal to consider mitigation actions.

Risk management is sometimes perceived to be a highly complex and potentially overwhelming process. While some risks can be complex, there are simple tools available to assist the process. Although clubs should apply time and care to risk management, they should not be put off by a concern that they might not get it 100 per cent right. A partially effective risk management strategy is infinitely better than none and, by virtue of going through the process, you may recognise hazardous situations that you can easily improve.

There are two documents in the pack of Club Policies and Guidelines, which can be found on the BGA website. The first document to look at is an explanation of risk management and how to set about it; the second is a simple example of risk analysis.