

## Diocesan Voluntary Aided Schools

### 100% Property Insurance

### Frequently Asked Questions

#### As a diocesan voluntary aided school, why do we need 100% property insurance?

For many years Voluntary Aided (VA) schools' insurance was confusing and difficult to manage. Local authorities (LA) were responsible for funding 90% of Capital costs and 100% of Revenue costs, and Governing Bodies were responsible 10% of Capital costs. There were gaps under this arrangement and numerous examples where insurance claims were not fully met. In such cases, expensive repairs had to be completed using a variety of funding streams, including both school revenue budgets and VA capital grants such as DFC and LCVAP. Following a review by Government in 2010, the revised advice in the Blue Book Guidance<sup>1</sup> was that VA schools should seek 100% buildings insurance. The Catholic Insurance Service Ltd. (CIS) was therefore asked to set up an all risks 100% buildings and contents insurance scheme for Catholic VA schools.

#### Why can't we continue to obtain property protection through our local authority?

As a Diocesan VA school, the buildings you occupy are owned by the Diocese. Accordingly, it is for the Diocese to decide how to adequately protect their assets. The Dioceses are concerned that the local authority (LA) is only likely to arrange insurance above a large excess (e.g. £250,000), and below this will look to rely on its own funds to repair school buildings. If the LA does not have the funds available to pay for such repairs, they could be forced to borrow from other capital funding streams such as DFC and LCVAP. Moreover, the Diocese does not have a contractual guarantee that their buildings will be repaired by the LA at all. The LA's insurance policy is also unlikely to note the Diocese as a 'joint insured' despite being the owner of the buildings, and so the Diocese is not contractually able to enforce the insurance contract should they (and you) need to rely upon it.

#### Why is the CIS 100% property insurance policy any different from LA insurance?

Unlike LA's, which often have self-insured excesses of up to £250,000, the property insurance policy arranged by CIS does not rely on any self-insurance and has very low excesses (see below). Importantly, the CIS policy notes the Diocese and the Governing Body as joint insureds. The cover provided is comprehensive and extensive, including all risks cover for buildings, building work projects on site, business interruption, contents and money covers as standard.

#### Which insurer provides the CIS 100% property insurance cover?

The insurance cover is currently underwritten by Zurich Municipal (ZM), one of the largest and most experienced insurers in the public sector. CIS acts as an agent on behalf of the Dioceses in placing the cover and has undertaken market testing exercises to ensure the ZM cover is competitive and comprehensive.

The quote from my local authority is less than the CIS premium. How can I justify the extra expense to the Governing Body?

If your CIS premium appears more expensive, it is not likely to be a fair comparison as the local authority insurance premiums are likely to be based on an excess of £250,000, or even more. The local authority is therefore not paying an insurance premium to protect the full value of the buildings at risk, whereas the CIS premium pays for insurance cover above a very low excess (typically £250). With the CIS policy the Governing Bodies and Dioceses can therefore rely upon a ground up insurance indemnity to rebuild the school in full, as opposed to a local authority scheme that have to rely upon local authority funding, which if not available may mean a VA school is not reinstated, particularly if there are school places available locally, resulting in the loss of a Catholic school.

If we have the CIS insurance, do we need any other insurance through our local authority?

Yes. The CIS policy provides 100% property insurance cover (including buildings, building works, business interruption, contents and money cover). The table below details where this and other insurance covers should most appropriately be placed:

Insurance Cover	Appropriate Provider	Comments
Property Insurances	CIS on behalf of the Diocese and GB	All Risks Buildings, Building Works, Business Interruption, Contents and Money Cover * (see below)
Liability Insurances	LA on behalf of the GB	Public and Employers Liability
Legal Expenses	LA on behalf of the GB	Employment disputes/legal advice
School Trips	LA on behalf of the GB	Both UK and trips abroad

It is essential that the LA continues to provide VA schools with employer's and public liability cover, legal expenses insurance and any other non-property insurances that schools may require, (e.g., engineering insurance, school trips, staff absence cover etc).

Are rebuilding costs covered in all events including the total loss of a school?

Yes. The buildings would be replaced to the current standards and legislation, and not limited to the sums insured listed on the individual school's schedule. ZM have already paid out in full on some total losses that have unfortunately been suffered by Catholic VA schools insured via the CIS scheme in the last few years.

\* Will all buildings at a school be covered by this insurance including those associated with playing fields, e.g. sports pavilions?

All school buildings are covered except buildings on school playing fields. This is because they are the responsibility of the LA and the Diocese cannot insure them. The Governing Body should ensure insurance for any such buildings is arranged by the LA. Playing fields in the ownership of the LA plus any all-weather pitches on them will also remain a LA responsibility. Any other outbuildings not on playing fields such as shelters, stores, bin stores, cycle racks, etc, are covered by the diocesan policy.

### Is fixed equipment outside the building, including play surfaces, covered?

These are not covered automatically, but CIS can arrange separate cover for an additional premium if required. Please provide CIS with an approximate value of the equipment or surfaces and we will be able to provide you with a quotation.

### Is business interruption insurance provided?

Business Interruption pays the additional costs to keep the school running after a major loss has been suffered such as a flood or fire. This includes additional costs such as hiring portacabins or other temporary premises, additional staff costs, transport costs, utilities, etc. The standard limits are as follows:

Type of School	Limit of Indemnity	Maximum Cover Period
Primary School	£4,000,000	36 months
Secondary School with buildings of less than £20M	£7,000,000	36 months
Secondary School with buildings of at least £20M	£8,500,000	48 months

### Is cover against terrorism provided?

Terrorism is excluded. Some local authorities may insure against terrorism separately and will advise schools accordingly. Damage from malicious persons (i.e. vandalism) is covered.

### Is insurance cover provided for all contents?

Yes, buildings and all contents that are in the ownership of the schools' Governing Body are covered in the policy. This includes items previously deemed to be the responsibility of the LA, such as stationery. School items that are taken off the school site, such as teachers' laptops, are not covered as standard whilst off-site but this can be arranged through CIS for an additional premium.

### Are leased photocopies covered by the CIS policy, and what about large items that belong to a LA provider such as kitchen equipment?

If the school has a financial responsibility for the item, (e.g. photocopiers and CCTV systems), these would be covered by the property insurance. However, if the items are specified as being under the ownership of a third party as part of a contract, (e.g. catering and kitchen equipment) then it is the third party's responsibility to insure their own belongings. A financial responsibility means that the item is either owned, leased or hired by the school.

### What about third-party users and hirers of your school buildings?

If a third-party is using or hiring your school buildings, including Sunday Schools, pre and after school clubs, sports clubs and individual hirers, the CIS property policy will cover the school for any damage caused to your buildings. It is important that you require any third-party hirers of your buildings to have public liability insurance of at least £5M in case they cause damage to your premises and your property insurer seek to recover their costs from the hirers. Any queries relating to the adequacy or existence of any liability insurances or any hiring agreement must be directed to the school's liability insurer.

### Are Parent Teacher Associations (PTA) covered?

PTAs are not covered under your property insurance policy with CIS. We would recommend you check with your local authority as to whether they are covered under your school's liability policies. If your PTA are required to obtain their own covers, we would suggest they consider joining an organisation such as ParentKind [www.parentkind.org.uk/For-PTAs/Member-benefits](http://www.parentkind.org.uk/For-PTAs/Member-benefits), as membership will provide them with their insurance cover.

### How does a school make a claim?

All property insurance claims must be notified to CIS as soon as possible, with full details provided within 30 days of the incident (7 days for riot or malicious damage). For large claims involving significant building repairs, the Diocese must be advised, and the Diocesan Surveyor involved.

### What excesses are payable on insurance claims?

The CIS policy has a single excess for each claim:

£250	for the main FLEXA items (fire, impact, lightning strike, explosion, malicious damage, theft, theft of metal)
£500	for storm, escape of water, accidental damage and flood
£2,500	for subsidence

**If you have any further questions, please do not hesitate  
to contact CIS on 01296 422030**

<sup>1</sup> The Capital Funding For Voluntary Aided (VA) Schools in England - Blue Book Guidance can be found at [www.education.gov.uk/publications](http://www.education.gov.uk/publications) - Annex B - Insurance Arrangements for VA Schools