

Insurance report

We currently have 3 separate policies for our club insurance. These are:

1. RYA Club insurance scheme (General) via Arthur Gallagher

Within the RYA scheme we are insured under just 2 sections which are:

Section 7: Employers Liability Insurance.

Although we are strictly not employers, anyone doing work for us, or working as a committee member may claim against the club for injury, or death whilst on club business. It's perhaps difficult to see how this may apply to us, but perhaps if a committee member got shot during a committee meeting, they could claim against the club! It also covers the club against legal expenses should such a claim occur. Another possibility might be someone injured whilst working on our moorings.

Section 8: Public and Products Liability Insurance

We don't manufacture products, but we do have moorings, and one clause in this section is:

“ . . . accidental loss of or damage to yachts, private pleasure craft and/or other Vessels whilst on your moorings or loss through breaking away or dragging”

Strictly speaking this shouldn't be an issue, but if a mooring fails and the boat owner has cancelled their policy (unknown to me) or he is not insured for this particular 'accident', there is no doubt any 3rd party with a damaged boat would come after us. So this is really protection against very unusual circumstances. Again, it is difficult to understand other ways in which this cover might apply, but perhaps any damage caused or resulting from a failure of the moorings could be relevant

These two sections of the General RYA policy cost us £509.95 in May 2020

A copy of the full policy (but only sections 7 and 8 are relevant) can be viewed/downloaded via the following link to a file on the Mega cloud. Click or copy/paste into your browser:

https://mega.nz/file/n59EhJwY#yd3qcSmAoYhtqMw3P4qQ-fpOWmIFSipU_7qYdt9fqY

2. DAS Commercial Legal Expenses

This policy premium was £51.52 in May 2020

It is designed to cover legal costs for employers against claims by employees – for example, wrongful dismissal or recovery of articles from ex-employees. For a copy of the full policy follow the link:

https://mega.nz/file/Ot8WwLTb#SjMLVcq3DVCxeBJNkoL_4tH2JSj0OucNvDF8KLETrGQ

It is difficult to see where and how this might apply to us. I believe Gallagher's simply tagged it onto our renewal notice and we accepted it. I don't recall us every having discussed it in committee.

3. 'Markel' Directors and Officers Cover

This policy premium was £216 in February 2021

This policy in its crudest form protects the Officers of the club against prosecution for incompetence. It does not cover against illegal activities such as theft or fraud. It does protect against libel and slander. Full policy details can be seen via:

<https://mega.nz/file/nt8gDDJC#kn8uiY04sKIWbsZd87xjdpvuPUG3Q29wh4m7UGtyUOY>

I have highlighted in yellow the key areas

Summary

The total cost of these three policies amounts to just under £800 which represents the membership fees of 22 'joint' members or 26 'single' members. This is also approximately 32% of our total annual income from subscriptions, and as such is not viable. If added to the annual fees for CCSC, which are only likely to increase, it means that approximately £2,000 of our income is pre-allocated. What is left has to cover committee expenses (which are known to be light), fees for speakers at our talks evenings, two 'free' buffets, RYA fees, Website fees and other ancillary costs. The purpose of this report was to examine the details of the policies to check:

1. Are we over-insured or insured for risks that are extremely unlikely to occur
2. Do any of the policies overlap and effectively 'double cover' any risks
3. Are there less expensive policies available with possibly less risk cover but which meet our needs

Where do we go from here

There seem to me to be only two solutions to this problem

1. Increase fees to cover this insurance
2. Reduce the cover and hence maintain current annual fees

Proposal

Examining the policies it is clear that there is a slight overlap of risk cover between the policies, but the major problem is over-insurance. For example the Directors and Officers cover is for £250,000 whereas our total assets are only around £25,000. I did enquire whether we could insure for a lower amount and the answer is "No". Gallagher's did comment that the D and O policy we have is extremely good value as their premium for similar cover would be around £450 pa. Looking at the details of this policy, and how we operate, it appears that the most likely use of the policy would be in the Libel and Slander area – and I'm sure the committee are wise enough not to go down this road. I think we should cancel this policy.

The Legal expenses policy is again a policy which we probably do not need to have. When I discussed it with Gallagher's, their comment was, "It's a bit of belt and braces, but very few clubs take it". If larger clubs with premises and employees – bar staff, catering staff etc – do not take it on, then neither should we.

The two sections of the RYA policy (7 and 8) are, in my opinion very relevant to our club and I believe we should stay with this policy.

The above changes would save around £280, and I think that is the best we can do. It might be nice and make us more comfortable to retain the Directors and Officers policy, but in my view it would need to be accompanied by a commensurate increase in fees to the tune of at least £4 per member. My recommendation is that we cancel both the D & O policy and the Legal expenses policy since there is some cover in the RYA policy that would deal with this.

Michael Gregory
April 14th 2021