

Information Sheet: Insurance

This sheet aims to give some basic information but it is impossible to stress strongly enough the need to seek **professional** advice and to act on it promptly.

You may have a legal responsibility to ensure you have some types of insurance. Even where a legal obligation does not exist, there are many areas when the correct insurance can save you all sorts of difficulties and offer you protection (not least from sleepless nights). Remember that insurance can never be applied retrospectively, so although it may not be a particularly exciting budget heading it is a very necessary one.

All the decisions you make about insurance will involve weighing up risk against cost and you must ensure that in your need to reduce costs you do not attempt to minimise possible risk unrealistically.

There are various types of insurance which you may require, and your needs may vary depending on the type of work you are undertaking at any one time:

- *Public liability* – this protects you from claims by a third party (such as a participant in an activity you have arranged, an audience member or a visitor to your studio). Such insurance may be necessary if someone is injured on your property or if their property is damaged as a result of an activity you have managed. There is no legal responsibility to have this insurance but many funders will insist that you take it out and it is certainly good practice to have substantial cover, because without it you may have to find the legal and compensation costs of any claims
- *Professional indemnity* – this protects against claims of professional negligence by a third party. Public art commissioners will usually require the artist to hold professional indemnity insurance and it should also be considered by arts consultants and creative businesses
- *Buildings and contents* – building insurance covers the fabric of the building in case of structural damage and contents covers your belongings whilst they are in the building. If you work from home you should insure all your professional equipment separately and you should think about specialist home-working policies. Home insurance can sometimes cover musical instruments if they are specified. Whenever you are working at a venue – a village hall, a theatre etc. – you should check to see what equipment and property is covered and what is not
- *Health insurance* – this can be very expensive, but if you are self-employed it can be very useful as it can cover you for loss of earnings when you would not be able to claim sick pay
- *Employers' liability insurance* – employers have a legal responsibility to provide insurance for all their employees in the case of injury or death caused by working practices. Employers must also ensure that all motor vehicles have the correct insurance
- *Exhibition insurance* – most exhibition venues will carry appropriate insurance (although individual artists should always check what this policy covers and ensure that the limit is appropriate) however rural areas have few sole purpose venues, which mean that exhibitions are often held in non-arts venues such as village halls. If you need to arrange specific cover for an event make sure that you include not just the value of the works but all your equipment, and ensure that electrical items such as laptops and projectors are not excluded. You may have some complex issues with security, but you should always be honest and specific about what security you can and can't provide. You also need to ensure that all work is explicitly covered during transit

When you take up insurance you will need to know the value of the items you want to be covered. This is relatively easy for tools, equipment, costumes etc. because they should be insured at their replacement value. It is much harder for works of art, because each item is irreplaceable, so it is necessary to use any track record of selling work as a realistic valuation. This will require the artist to keep up to date records including a photographic record of all sold and unsold work and an inventory and receipts for all tools and materials.

Some golden rules for taking out insurance:

- Only use an insurance company which is authorised by the General Insurance Standards Council
- Never take out a policy without taking advice
- Use a broker to help you find the correct policy

- Shop around because prices can vary dramatically
- Be aware that getting the best deal may involve spending money on other areas, such as improving security
- Think about whether the best compromise for you would be to agree to a higher excess in exchange for a lower premium
- Consider looking in the specialist arts press for information about insurance appropriate to your art form, for example, A-N offers specialist insurance to visual artists

Some useful contacts:

Health and Safety Executive

www.hse.gov.uk

The British Insurance Brokers' Association

www.biba.org.uk

The Financial Services Authority

www.fsa.gov.uk