

## **Public Liability Insurance (PLI) requirements for hiring Scout Halls**

This matter has been raised often, usually because it results in prospective private hirers thinking again about hiring our halls when they see that the Willis policy (Part 2 of the Hire agreement) will cost over \$200. Group hirers using the halls regularly do not seem to worry, because they nearly always have such a policy to cover themselves against being sued by their members as a result of incidents arising at the activities. Private hirers often do not, or at least believe they do not have it.

I have previously briefed Group leaders and Group Support Committee members on this several times, the most recent at the last Group Leaders' meeting (Jumbunna) at the start of October. The following paragraphs summarise what I have said to the various forums I have addressed. I am always willing to speak to Committees on this matter if asked

I need to start with describing what PLI is (and here I may be teaching Grandmother to suck eggs, but I need to be sure of the basics to begin with).

### **What does PLI do?**

PLI covers the policy holder when they are sued by someone they have hurt financially or physically (including mental distress) or they have killed through being careless or negligent in some way as long as they were not reckless or breaking the law. For members of Scouts ACT this means that they have followed the Branch rules for the activity where the hurt occurred, that they were qualified to conduct that activity, and that the activity was being conducted legally, and that they had thought ahead about what might go wrong and had tried to head off accidents. PLI does not cover the policy holder for loss or hurt they feel as a result of the actions of others.

### **Why do we insist on hirers having PLI to cover us?**

There are two different reasons we require hirers to have PLI in place:

1. If our property is damaged during a hire period, our property insurance policy does not cover us for damage caused by accident or negligence of a tenant or hirer, only if the damage is malicious, ie deliberate. Our property policy has been framed this way because our rules for hirers include a requirement that the hirers have PLI enabling us to sue them for accidental or negligent damage, and this results in a lower property policy premium for us because of lower risk. If someone else damages Scout property through negligence we would sue the perpetrator and their PLI would pay us out – if they have PLI. If they don't have PLI we can sue the perpetrator directly to attempt to get the damages from them – if they have any money to pay us! If not, we wear the full cost of repairs.
2. Another reason that we insist on hirers having PLI is if someone is hurt physically or financially as a result of the hire, they will seek to recover damages from someone, anyone. If they engage a 'no win, no fee' lawyer then they will look to whoever has the deepest pockets and will sue both the organiser of the event, and Scouts – because our pockets are usually deeper, especially if the organiser has no PLI and can only be sued for their personal assets. Scouts ACT public liability insurance for outside hires only covers the situation where the condition of the Scout premises or the action of Scouts ACT personnel materially affected the outcome of the incident. Our PLI insurers therefore insist that hirers also have PLI so that any payout can be shared between the

two insurers. This makes our PLI premiums lower than if our insurers were expected to pick up the tab for incidents that are not the fault or responsibility of Scouts.

## The Scouts ACT requirement of hall hirers

**A person or group must have a public liability cover for at least \$10,000,000 covering them for incidents at our premises in an insurance policy that is in date at the time of the event. In all cases the onus is on the Group to see the relevant insurance policy and ensure that it is in date and covers events anywhere, and to take and keep a copy of the cover note and relevant parts of the Product Disclosure Statement (PDS).**

### Options for Hirers to obtain cover

1. Most home contents insurances contain a public liability element. Some of them (eg AAMI) only cover incidents at the insured address, but others (eg CGU, Allianz,) may cover liability at other places as well. The Youi home and contents policy provides Australia-wide liability cover, but excludes any claim arising from an event organised or under the control of the policy holder away from the insured premises – so it would not be acceptable for our purposes. Provided the policy provides cover for an event organised by the policy holder at our address, it will be acceptable to us. General cover is usually phrased ‘Australia wide’ or ‘world wide’. Groups need to see that wording in the PDS and especially check the exclusions. If the policy DOES provide the cover, then the hirer does not need to get any extra insurance to hire from us.
2. Alternatively, the prospective hirer can go to an insurance company of their choice and get appropriate insurance to cover themselves at our premises – as long as they show us their cover before the date of hire and we keep a copy of the certificate of currency.
3. The Willis cover (part 2 of the hire contract) is intended to be the option of last resort for a family that does not have cover and cannot buy it elsewhere. It is not the first or only option. Where the hirer cannot provide proof of cover at the hall and doesn't want to arrange insurance themselves they can arrange cover through Willis.
4. Note that the Willis cover is **ONLY** for a private family event limited to birthdays, anniversaries, engagements, weddings and the like not open to the general public.
5. Excluded events include activities being held by commercial organisations, schools and sporting or social clubs as well as events open to the general public. Any formed group is required to have specific PLI before using the hall for meetings, or events, or on an occasional or ongoing basis.

### Cost of the Willis policy and payment options

The current payment trail awkwardness is partly due to the statutory requirements for the insurer to provide the contract and PDS to the customer in compliant form before the date of hire, and they are not willing to do that until the payment is made. The cost of event public liability is not normally a problem because normally it is not a single family applying for the cover (usually an events company) and the broker advised me that the administrative hoops that they have to jump through to provide the cover and the stamp duty (this is done in Victoria, not ACT) and taxes cost them about half of the amount charged. The remainder is the premium for the insurance. As the broker advised, they have offered the cheapest way

of paying for the policy – if people want the more contemporary methods of payment, then there will be still greater costs.

### **Alternative Branch arrangements**

There was a blanket policy available in the NSW Branch at one time provide cover to hirers. When I last discussed this with our broker in late 2014 the deal had been that Groups had to estimate (with evidence to back up their estimate) how many family hires they would have per year, and were charged a premium of about \$100 per event for the year's cover. (If they estimated 10 hires, they would pay up front, about \$1000). There would be no refunds if the number of hires did not reach the estimate. The Broker advised that NSW have given up that policy now as Groups were not willing to commit the funds up front with no guarantee of getting their money back from hirers. We have not pursued that option since it still does not cover damage to our property.

### **The final word**

**If someone in a Scout Group decides not to require the PLI for a hall hire, whether to a family or a group, that person is acting against the rules of Scouts ACT and may leave themselves personally liable if Scouts ACT is sued as a result of the hire.**

Yours in Scouting

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