

**NATIONAL ASSOCIATION OF WOODWORKERS NZ INC.**  
**INSURANCE FOR CLUBS/GUILDS**  
[Revised December 2008]



**SUMMARY:**

By reason of their NAW membership, NAW affiliated Clubs and Guilds have the automatic benefit of two forms of insurance cover; Broadform and Statutory Liability. Because the insured under the Policy is the National Association of Woodworkers and its associated Clubs and Guilds, all NAW member Clubs and Guilds have the benefit of this cover and are covered by the payment of the premium by the NAW. Individual NAW members do **not** have the benefit of this cover when “doing their own thing,” but if what they are doing is a properly recognised activity organised by their NAW member Club or Guild then they should have the benefit of their Club’s or Guild’s cover. *The following is a summary only of the terms and conditions of cover, with the summary setting out what is likely to be of most interest and relevance to Clubs and Guilds, and the exact extent of cover is determined by the wording of the policy to which reference needs to be made if Clubs or Guilds require more information.* See also the “Frequently Asked Questions, and the Answers to them” which follow this summary.

**Broadform** cover provides indemnity for personal injury, and damage to property up to \$5,000,000 (the sum assured), with an excess which varies for the type of claim (generally between \$250 and \$1,000). If a claim is accepted then all defence costs will be covered for both actual and threatened legal action. There are extensions to the Broadform cover, the most relevant to NAW Clubs and Guilds being:

- Compensation for court appearances - \$250 per day for attendance as a witness,
- Defamation – cover for your legal liability for defamation or invasion of right of privacy,
- Mechanical Plant and Machinery – compensation for personal injury or damage to property,
- Property in care, custody or control – cover is provided for any damage to property held in trust by or in the care, custody or control of any of the persons insured, and
- Tenant’s liability – cover is provided to pay any compensation as a result of damage to premises leased or rented but not owned by the insured party.

There are limitations to the Broadform cover (not likely to be relevant to NAW Clubs and Guilds), and some exclusions to the Broadform cover, the most relevant to NAW Clubs and Guilds being:

- Defective work – cost of performing, completing, correcting or improving any work done,
- Fines, penalties, reparation, exemplary, aggravated or liquidated damages,
- Fraudulent, dishonest, criminal or malicious intent,
- Property in care, custody or control – all property other than that rented, and
- Vehicles – any damage or injury caused by the ownership, possession, or use by any other persons insured of any vehicle which is or should have been registered or is otherwise insured in respect of the same liability.

**Statutory Liability** cover provides indemnity for liability for any fine under an Act and costs of defending prosecutions, including reimbursement of fines and costs incurred by others entitled to be indemnified by the Club/Guild. The extent of cover is \$250,000 with an excess of \$500. Among the conditions is prompt notification as soon as the Club/Guild becomes aware of the claim.

**Conditions** apply to both of the types of insurance cover, the most relevant to NAW Clubs and Guilds being:

- Change of business – if there is any change that increases the risk of insuring NAW Clubs and Guilds, then written notice is required within a reasonable period,
- Duty of care – a duty exists for the persons insured to take reasonable precautions to prevent injury and damage to property.

**FREQUENTLY ASKED QUESTIONS, AND THE ANSWERS TO THEM:**

**QUESTION:** Does an NAW member Club/Guild have to apply for the cover or pay some premium? **ANSWER:** No, the Club/Guild is covered by the NAW policy and the premium paid by NAW, with the Club/Guild membership fees contributing to the premium paid by the NAW.

**QUESTION:** Are members and visitors to an NAW member Club/Guild covered by the NAW policy, or just Club/Guild members? **ANSWER:** The Club/Guild has the benefit of the policy within the two types of cover, and is protected against claims within the two types of cover by its members, visitors and any third parties. Because a Club/Guild has the cover, if its members are engaged in a Club/Guild activity (such as a demonstration, wood

cutting, etc) and an incident occurs which is within the Broadform or Statutory Liability cover the Club/Guild is protected by the insurance. It will be important to have a paper trail pre-dating the activity to prove that the activity was a Club/Guild activity and not just an individual's initiative. If members are engaged in a Club/Guild activity (such as splitting and delivering firewood, house painting, etc) for fundraising this will **not** be covered.

**QUESTION:** Are Club/Guild equipment such as lathes etc. covered? **ANSWER:** Not against loss to plant or lathes from incidents such as vandalism or theft, but the Club/Guild is covered against damage caused by plant or lathes – such as accidental fire, impact damage and the like. The Public Liability policy will cover damage to third party property (or bodily injury) caused by an occurrence in connection with the Club/Guild's "business." For example, if a lathe catches fire and burns down the building and or/neighbouring properties etc then the insurers of the buildings/property will pay to replace the property/buildings and would then look to recover their costs from the negligent party. This is where the Public Liability policy kicks in. **QUESTION:** What about the lathes and equipment owned by members or visitors who may come to a Club/Guild's premises for events such as some form of participation or to demonstrate to the Club/Guild? **ANSWER:** As before, loss to plant or lathes from incidents such as vandalism or theft are not covered, but the policy covers against damage to property belonging to members or visitors where that is caused by Club/Guild plant or lathes – such as accidental fire, impact damage and the like or by some other Club/Guild activity, such as a fire caused by someone heating food for a club activity. Clubs and Guilds need to take out their own policies to insure their own assets.

**Question:** We are demonstrating and selling at a venue away from our premises. What are we covered for? **Answer:** As long as what you are doing is for a club activity and as long as the club is a member of the NAW, your club and its members doing things for the club have the NAW's third party liability and statutory cover, subject to an excess. This covers things like activities at your annual woodcraft show, such as members demonstrating at the show, transporting materials, equipment and signs, etc (but the policy doesn't cover damage to any goods lost or damaged in transit). While ACC covers most injuries, the third party cover covers you against damage to property, liability under prosecutions for poor health and safety precautions, etc. Of course, reasonable care is required (and the insurance company expects that) but accidents do happen.

**QUESTION:** Is a Club/Guild covered just at its own premises or if it takes equipment (Club/Guild or member owned) to outside events to demonstrate to the public, does the NAW policy cover this? **ANSWER:** As already indicated, the cover applies to the Club/Guild and its activities, not the location, so the answer is that a Club/Guild is covered if it takes equipment (Club/Guild or member owned) to outside events to demonstrate to the public as a club activity rather than as an individual initiative. The geographical limit is generally anywhere in New Zealand (cover overseas is limited and is most unlikely to be relevant to Clubs/Guilds).

**QUESTION:** My household insurance covers my activities at my home, but if a club was meeting at my home on a regular basis and their activities caused some serious damage, would my insurer pay, or should such clubs be advised to join the NAW to get the insurance? **ANSWER:** Just as the NAW insurance applies to the Club/Guild and its activities, not the location, so a Club/Guild is covered if the activity or event is a club activity rather than as an individual initiative. To avoid any dispute with the insurance company the Club/Guild needs to be clearly provable that the activity or event is a club activity. So, if a club was meeting at your home on a regular or irregular basis and the activities caused some serious damage, your own insurer might pay (depending on your own policy wording), but the Club/Guild should join the NAW to get the insurance. To avoid any potential dispute with the NAW's insurer where any outside activity or event is announced to members (including personal and group tuition of members by other members, sessions in members' workshops, wood-gathering, events promoting activities to members of the public, and other such activities and events), it would be preferable to create a "paper trail" of evidence to prove that the activity or event is recognised as a Club/Guild activity. Something along the following lines should be a regular feature included in Club/Guild newsletters:

This club/guild aims to assist members to improve their woodworking skills. Not all such activities occur in our club premises, and some activities or events are promoted through this newsletter and others directly to members in some other way, but they are still club/guild activities, so please support them. These activities may include personal and group tuition of members by other members (we all try to help one another for the benefit of the club/guild in this way), sessions in members' workshops, wood-gathering, events promoting our activities to members of the public, and other such activities and events.

**QUESTION:** This summary is inadequate; can Clubs/Guilds get more detail? **ANSWER:** A copy of the NAW's Policy can be provided by the NAW Secretary and the policy wording is about as "plain" in form as is provided by any insurance company, but it is a long legal document.