

# Section 21: Insurance Arrangements

## 21.1 Overview

The Department arranges all insurance policies through the Victorian Managed Insurance Authority (VMIA). All policies expire on 30 June each year.

### 21.1.1 Mandatory policy (Must do):

Sequence Numbers	Information
21.1.1.1	School councils requiring insurance that is additional to the coverage provided by the Department must contact the Victorian Managed Insurance Authority to arrange cover. This does not apply to WorkCover.

## 21.2 Property Insurance

### 21.2.1 Overview

The Industrial Special Risks (ISR) policy protects the Department against the cost of loss, destruction or damage to property owned by the State of Victoria or the Minister. Examples of insured perils include fire, storm and tempest, explosion, water damage, earthquake, burglary, boiler explosion and flood. This policy has a limit of \$3.350 billion for any one loss, or series of losses arising out of one event, with the cost of claims under \$3 million being self-insured and borne by the Department.

### 21.2.2 Building Fixtures and Fittings

The Department meets the cost of incidents in schools costing less than \$3 million, effectively self-insuring most incidents and minimizing the risk. Facilities that are over entitlement (i.e. - locally funded or originally provided by the Department when the school had a larger student population) will not necessarily be reinstated by the Department. At the time of loss, an assessment will be made of the school's needs in line with the Department's asset management policies. The Department will not provide schools with funding to replace contents that are not covered by its Reinstatement Fund or the School Equipment Coverage Scheme (SECS).

Fixtures and fittings that are permanently fixed to the buildings are covered under the VMIA insurance policy. Depending on the amount of the loss and the type of fixture/fitting, the cost of incidents may be borne by the school or by the Department.

If a School Council wants any over entitlement facilities to be replaced when they are damaged or destroyed, they can obtain separate insurance cover for these facilities from the Victorian Managed Insurance Authority (VMIA). Facilities constructed under the Building Education Revolution (BER) program are covered under the Department's insurance arrangements - separate insurance is not required. If BER facilities result in other facilities

becoming over-entitled, the Department will work with individual schools to assess re-building requirements in accordance with the Reinstatement and Preventative Maintenance Procedures guidelines and policies.

**21.2.3 School Equipment Coverage Scheme (SECS)**

The School Equipment Coverage Scheme (SECS) is a self-coverage scheme of the Department and is managed by Victorian School Building Authority (VSBA). This scheme covers specified contents in schools that are below the Department’s \$3 million excess. VMIA is contracted to administer these claims on behalf of the Department under the direction of the VSBA.

However, the SECS does not cover leased or hired equipment. Most lease or hire agreements require the lessee (the School Council) to take out insurance to cover replacement or repair of the leased/hired equipment.

**21.2.4 Mandatory policy (Must do):**

Sequence Numbers	Information	
21.2.4.1	Schools must arrange their property insurance requirements with the VMIA as mandated by the <i>VMIA Act 1996</i> . The VMIA School Council Insurance Guide must be referred to for assistance.	

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## 21.3 Public Liability

**21.3.1 Overview**

The Department, as an agency of the State Government, holds Public & Products Liability insurance with total cover of \$1 billion for any one claim, and in the annual aggregate for all claims.

This policy protects the Department against:

- claims for Personal Injury (including death) suffered by third parties – i.e. people who are not employees (employees are covered by Work Cover); and
- claims for loss, damage to or destruction of other people’s property.

The policy has a \$5 million self-insured retention (SIR), with the cost of claims within that figure borne by the Department. These claims are managed by the Legal Division.

### 21.3.2 Mandatory policy (Must do):

Sequence Numbers	Information
21.3.2.1	The Department and/or its employees must be legally liable for the policy to respond. For example, if a student is injured at school and lodges a claim against the school, the student and/or their parents must establish that the school staff failed to take reasonable care to protect the student from an injury that was reasonably foreseeable.

### 21.3.3 Use or Hire of Non-School Facilities

Schools regularly use municipal/shire council facilities, shopping centers or other facilities to conduct educational programs, fund raising activities and functions for the benefit of students and the local school community.

Schools may be required to provide evidence of Public Liability insurance cover for the use of Non-School facilities. This evidence takes the form of a Public & Products Liability Certificate of Currency. For example, the use of municipal/shire council facilities, shopping centers, or other facilities to conduct educational programs, fund raising activities and functions for the benefit of students and the local school community. Refer to [Certificate of Currency](#) website for more detailed information.

### 21.3.4 Use of School Facilities by Third Parties

Schools regularly make their facilities available for use by third parties and this is encouraged by both the Victorian and Commonwealth governments. The activities that school premises can be used for falls into two categories:

- Activities for community benefit such as specific interest clubs, book reading societies or foreign language tuition, all of which are not-for-profit.
- Activities carried out for private use such as birthday parties and barbeques and for-profit organisations.

The Department has removed the requirement for not-for-profit community groups engaged in low risk activities to provide evidence that they have \$10 million Public Liability insurance when hiring school facilities. Groups whose activities pose a significant risk to school property, personnel, students or other members of the public, or for-profit organisations must provide proof that they have \$10 million Public Liability insurance.

School Councils will continue to be covered through the Department's Public Liability insurance with the VMIA. However, insurance coverage is not extended to third parties hiring school facilities.

Groups that will be required to provide evidence that they have \$10 million Public Liability insurance include those:

- conducting high risk activities;
- required to have insurance by their association (e.g. sporting clubs);
- required to have insurance for regulatory purposes; or
- commercial entities.

Examples of high risk activities would include fireworks displays, bouncing castles, horse riding and fun fair activities involving machinery.

**21.3.5 Mandatory policy (Must do):**

Sequence Numbers	Information	
21.3.5.1	Schools must arrange their Public Liability insurance requirements with the VMIA as mandated by the <i>VMIA Act 1996</i> . The VMIA School Council Insurance Guide must be referred to for assistance.	
21.3.5.2	Schools must obtain evidence of Public Liability from third parties.	

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## 21.4 Construction Insurance

The Department has arranged a Principal Controlled Contract Works Insurance Policy with the VMIA.

The Policy covers

- Contract works up to \$100,000,000 – loss or damage to property which is to be used during the construction period from various causes. This includes portable classrooms including fixtures, fittings and contents supplied by the principal whilst the works are in progress to a limit of \$2 million; and
- Public Liability \$300,000,000 – legal liability for personal injury and damage to other property arising from the construction works.

The Department, School Councils, the builder, the builder’s sub-contractors together with construction and project managers are all covered by the policy. Construction plant and equipment is not covered by the policy.

The policy is subject to the following deductibles which the builder is responsible for paying in the event of a claim:

- Section 1 Contract Works \$10,000 for each, and every, claim;
- Section 2 Public Liability;
- \$50,000 in respect of worker to worker liability claims;
- NIL for all other injury claims;
- \$10,000 in respect of any other claim – e.g. damage to another person’s property.

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## 21.5 Travel Insurance

The Department has two Travel Insurance arrangements. Any travel arranged and funded through Procurement for the business of the Department, automatically includes Business Travel Insurance with the VMIA.

The Department has also arranged a Travel Insurance facility with the VMIA to provide coverage to schools that arrange Study Tours (and the like) for students and accompanying teachers, where the cost of the travel is borne by the students and their families.

The travel insurance cost per person for international travel is \$40 inclusive of charges and the cost per person for interstate travel is \$1.80 inclusive of charges.

The policy generally provides broader cover than that available through commercial insurers and in most cases the actual benefits payable to travelers is significantly higher. It is not mandatory for schools to use this insurance facility.

Further details of the cover can be accessed through the Insurance Arrangements Guidelines document.

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## Legislative requirements

The advice in this section was based on requirements outlined in the following legislation:

- *Victorian Managed Insurance Authority Act 1996*

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## Definitions

**Principal Controlled** This means a contract for work that is arranged and controlled by the school, not the builder.

**VMIA** Victorian Managed Insurance Authority – provides risk advice and insurance services for the Victorian Government. Victorian Government schools must insure through the VMIA.

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## Additional resources

- [Insurance Arrangements](#)
- [School Equipment Coverage Scheme](#)
- [School Policy and Advisory Guide](#)
- [VMIA School Council Insurance Guide](#)
- [Victorian Managed Insurance Authority Act 1996](#)

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## Version and revision control record

Date	Version	Approver	Next Review
01/2019	1.2	Chief Finance Officer - Financial Services Division	01/2020