

Never a Lender or a Borrower Be?

Insurance implications for clubs with equipment loaned or borrowed

It has long been customary practice for a club to either borrow equipment from its members, for example for use on field days, or for clubs to lend radio equipment to members; maybe members who are new to amateur radio and who wish to try certain radio equipment before buying their own. Equipment can be expensive and, of course, there's nothing wrong with the principle of sharing... as long as you're prepared for the consequences.

Equipment can vary from comparatively low value hand held transceivers through to more expensive equipment costing several thousands of pounds and may, on occasions, extend to include trailers, horse boxes, generators, tents and caravans. Ask yourself – could you or your club afford to buy a new one if you broke it?

Consider this scenario: a club borrows a generator from a member for a weekend competition. The generator is 10 years old and has a second hand value of £500, but to buy the same generator new would cost £3,000. It has been loaned to the club free of charge and there was no formal agreement between them, of course, as to its value or what would happen if it were to get broken or be stolen – who does that when they borrow something? The generator is towed to the contest site by another club member and, whilst unloading, the generator falls off the trailer and is damaged beyond repair. The owner, not unreasonably, expects the club to pay for a replacement (£3,000) but the club is uninsured for loaned/borrowed equipment...and so begins a tricky period of discussions between the club and its member because neither party is adequately insured.

Whilst amateur radio is a specialist hobby, and I'm not for one minute suggesting we live in a society where nothing is ever lent or borrowed as Shakespeare's Polonius in *Hamlet* once advised, there are nonetheless certain commercial insurance matters that would be wise to consider.

In principle, there is no particular problem in providing insurance cover for loaned or borrowed items but this must be reflected in your policy wording if you want to be insured. I won't bore you with too much legal speak, but you should be aware that there is a legal principle known as 'Insurable Interest'. In essence, this means that whoever insures the property

must suffer financially in the event of loss or damage to the insured property for the policy to pay out. In other words if a club or member tries to claim on their policy for an item of equipment that doesn't belong to them then they won't be covered unless the club has a generally-accepted written agreement that any equipment borrowed by them becomes their responsibility. It is important therefore that if a third party lends out equipment then the question of who is legally responsible for that equipment is addressed in the policy.

Then there is a further issue regarding the insured value of the equipment. A club member may lend an item of equipment that could potentially either be brand new or several years old and its replacement value and/or ease of replacement could vary considerably depending upon the age of the equipment concerned. Whilst amateur radio is a hobby and no-one wants to get involved with too much bureaucracy and red tape it would, nonetheless, be very easy for a dispute to arise with the club if the value of the insurance claim is disputed because one or other of the parties has a different opinion regarding the value of the equipment that has been lost or damaged.

Best advice is for clubs to maintain a register of equipment loaned and borrowed and for the parties to agree on an adequate

sum insured that reflects the current day replacement cost of the equipment and for there to be some formal agreement in writing that makes the club responsible for insurance of the equipment.

Of course, these issues only ever tend to come to light when you need to make a claim and it's all too easy to take the easy option and ignore these eventualities. As consumers we've all become so conditioned into thinking insurance should be bought at the click of a button on some flashy price comparison site without considering the implications. Is it any wonder then that people are surprised and disappointed when they come to claim on their policy and find their cover wanting?

Often buying insurance simply comes down to making an informed purchase and the job of the broker is to understand your cover needs, inform you of the options available to you and make you aware of what you will and won't be covered for. Amateur radio can be a highly technical and specialised hobby with very specific cover, so using specialist amateur radio insurance brokers such as South West Broking that recognise the special demands the hobby can be a good choice when selecting your insurance cover. If you have any other questions do feel free to get in touch – we're here to help.

