

# charitytimes

Sponsored by

Exclusive broker sponsor

**HOWDEN**

**ZURICH**

REPORT

## Charity Insurance Guide



In recent years, a huge rise in risks facing charities has prompted the need for more careful planning. This guide explores how the risk landscape has changed, how charities are adapting and how insurance can mitigate impact.



# Introduction

In recent years, the charity sector has experienced profound levels of change. While the fundamental mission of charities remains focused on delivering social impact, the environment in which they operate has become increasingly complex and volatile. From a global pandemic to cyber threats, regulatory shifts to reputational scrutiny, charities face a plethora of risks that can threaten their ability to deliver their mission. Understanding and managing these risks has never been more critical for trustees, CEOs, and finance teams alike.

The COVID-19 pandemic was a watershed moment for the charity

sector. Charities of all sizes were faced with unprecedented operational challenges, ranging from temporary closures and disrupted fundraising to rapid digital transformations. Many organisations found themselves navigating entirely new risks, such as the need to protect staff and volunteers from infection while continuing to deliver essential services.

Even though the immediate public health crisis has receded, the lasting effects of the pandemic continue to reshape the risk landscape for charities. Operational risks have evolved. Hybrid working models, reliance on volunteers, and digital service

delivery now bring new exposures that leaders are required to understand and mitigate. The pandemic also amplified the reputational stakes for charities, as stakeholders now expect greater transparency, accountability, and evidence of impact. Any error, from safeguarding failures to financial mismanagement, can have huge consequences in today's highly connected world.

Cybersecurity has emerged as another critical area of concern. As charities increasingly rely on digital platforms for fundraising, service delivery, and internal operations, they have become attractive targets for fraudsters. Recent years have seen a

rise in ransomware attacks, phishing campaigns, and data breaches affecting charities globally. Despite this, many charities still operate with limited IT resources or outdated security infrastructure, leaving them vulnerable to increasingly sophisticated threats.

Regulatory and compliance risks have also intensified. Charities now navigate an intricate web of legal requirements, from charity law and safeguarding regulations to employment obligations and financial reporting standards. Leaders are under growing pressure to ensure that their charities operate within the law while demonstrating best-practice governance and stewardship of resources.

Financial and operational risks continue to evolve as well. Inflationary pressures, economic uncertainty, and funding volatility have introduced new challenges for cash flow management and long-term planning. Charities increasingly need to consider scenario planning, reserve policies, and risk transfer strategies to safeguard sustainability. Operational dependencies, such as third-party suppliers, volunteers, or contractors, also carry additional risk exposure. Any disruption to these relationships – whether due to workforce shortages, geopolitical events, or market instability – can have cascading effects on service delivery.

Meanwhile, reputational risk has become ever more prominent in the public eye. Social media and 24-hour news cycles can amplify both positive and negative stories at unprecedented speed. Missteps, controversies, or even perceived lapses in governance can quickly erode confidence and trust, affecting fundraising or partnership opportunities. For charity leaders, understanding and actively managing

reputational risk is no longer optional, it is an essential part of organisational resilience.

Environmental, social, and governance (ESG) considerations are also reshaping risk priorities. Charities are increasingly expected to demonstrate responsible environmental practices, diversity and inclusion policies, and ethical governance. Stakeholders are scrutinising organisations not only for the impact of their services but also for how they operate internally and externally. Risks associated with ESG factors, such as climate-related events affecting operations or supply chains, are now part of the broader risk assessment for charity boards.

The combination of these developments means the risk landscape for charities is more diverse, dynamic, and interconnected than ever before. Trustees and senior leaders must now think strategically about risk management, embedding it into workplace culture, decision-making, and operational planning. Insurance, while a critical component, is only one piece of a broader risk mitigation strategy that must address operational, financial, reputational, and technological vulnerabilities.

In an era of heightened scrutiny and uncertainty, charity leaders must embrace proactive risk management. Understanding the changing landscape, recognising new threats, and implementing effective mitigation strategies are essential steps in ensuring that organisations remain resilient and capable of fulfilling their missions. By taking a strategic approach to risk, and leveraging insurance effectively, charities can navigate uncertainty with confidence, protect the communities they serve, and continue to make a lasting social impact.

## CONTENTS

**66** - Cyber security protection: Debunking the myths

**68** - Q&A: How charities are adapting to risk

**70** - Is your charity covered? The insurance checklist

**71** - Challenges and risk in a post-Covid world

**73** - Invisible but invaluable: The real impact of insurance

# Cyber security protection: Debunking the myths

WRITTEN BY HOWDEN

Not sure if your charity needs cyber security protection? The answer to this question is always 'yes' – here's why.

**W**hile it may be the big retailers, global tech firms, and national organisations stealing the headlines when they fall victim of a cyber-attack, that doesn't mean smaller businesses are safe – especially charities. The risks posed are just as great and implications may be more far-reaching when there isn't the funding or resources to adequately recover. So why aren't more charities investing in cyber insurance? And does that apply to YOUR charity. It's time to bust some myths and get protected.

## **Our charity's too small to be a target**

According to the UK Government Cyber Security Breach Survey 2025, over four in ten businesses (43 per cent) and three in ten charities (30 per cent) reported having experienced any kind of cyber security breach or attack in the last 12 months<sup>1</sup>.

Charities may have the best interests of their people at heart, but cybercriminals definitely don't. They have no problem going after smaller enterprises, assuming their digital defences will be weaker. And sometimes they're right.

## **Our standard business insurance policy will cover any claims**

A commercial general liability policy provides coverage for bodily injury

or property damage claims, but it's NOT built for covering financial losses resulting from cyber incidents. That means you're liable for costs including legal, fees, data recovery, as well as reputational damage.

## **We've invested in cybersecurity, that means cyber insurance is unnecessary**

No security system is completely foolproof. Cybercriminals make a career out of finding new ways to breach your digital defences. Then there's old-fashioned human error - according to claims insights from specialist insurer CFC, nearly 75% of incidents stem from simple mistakes. Hackers like to take advantage of this; exploiting our weaknesses and vulnerabilities, certain they can trip up an employee. And that's not something an investment in cyber security can cover.

## **Any risk would be handled by our cloud provider**

Whilst some costs may be covered by the third-party provider, any reputational loss is unlikely to be covered, which could be challenging for your organisation. Further more, your supplier is likely to be dealing with many customers, so getting timely responses to questions is going to be more difficult.

As criminals change how they



deploy cyber-attacks, new techniques, such as gaining access to systems by pretending to be a member of staff or supplier, could mean it's your organisation rather than your provider who is responsible.

## **We don't handle data or customer records, so there's no risk**

If you have a computer system, you can be a victim. Phishing, ransomware, hacking... cybercrime comes in many forms and can infiltrate your system from any digital direction. Whether it's someone assuming a false identity or a case of AI deepfake, the attacks are getting smarter and may disable your business in moments.

We'll protect your digital assets, so you can look after your charity.

*Speak to Howden's specialist team today on +44 (0)333 234 1358 to learn how they can support your charity with tailored insurance solutions, risk management strategies and health & benefits programmes.*

<sup>1</sup> Cyber security breaches survey 2025 - GOV.UK



# Future talent. Funded by Howden.

Three in five charities are struggling to recruit new talent, with 30% of charities citing skilled labour shortages as one of their top three business challenges.\*

## Apprenticeship funding for developing talent.

As a global insurance broker, we believe insurance is more than just a financial product – it's a force for good. That's why we're gifting apprenticeship funding to help registered charities unlock fresh talent and grow future leaders.

Whether you're looking for new starters or developing the skills of existing employees, we can help by funding their apprenticeship.

**No ties, no strings, just a great opportunity.**



To apply, please scan the QR code and complete the submission form or email us at [education@howdeninsurance.co.uk](mailto:education@howdeninsurance.co.uk)



\*Howden's Rewarding Industries Report 2025

Howden UK Brokers Limited is authorised and regulated by the Financial Conduct Authority No. 307663. Registered in England and Wales under company registration number 02831010. Registered Office: One Creechurch Place, London, EC3A 5AF. Calls may be monitored and recorded for quality assurance purposes.

HUBL-CC-CNFP-015-1025

# Q&A: How charities are adapting to risk under pressure

ANSWERS BY MARK FISHER, ASSOCIATE DIRECTOR OF NOT-FOR-PROFIT AT HOWDEN

Howden's Mark Fisher discusses financial, cyber, and talent risks facing charities – and how strategic resilience and strong insurance partnerships can safeguard their future.

**Q: What are the biggest pressures facing charities right now? And how have those risks evolved?**

A: The three current pressure points facing charities are financial, technological, and talent acquisition. Financial anxiety comes from two main areas – cost of living for donors and ongoing difficulties around fundraising. In Howden's *Rewarding Industries 2025 Report*, 57% said fundraising became harder in the past year. Despite falling inflation in late 2024, households still have less disposable income, which has an impact on donations. Charities also face higher National Insurance contributions, rising from 13.8% to 15% in April 2025, adding severe strain. Ever-present are cyber-threats - 92% reported that either individuals they know, or the charity they work for, have been targeted by fraud or hacked in the past year. And talent acquisition and retention is in danger of erosion as many of the best leaders go in search of better-paid positions in the non-charity sector, or avoid entering it altogether. Other challenges include rising energy costs, regulatory compliance, and even lingering Brexit-related issues.

**Q: Despite these pressures, many charities remain optimistic about the future. What do you think underpins that optimism, and is the sector's resilience being underestimated or over-stretched?**

A: Donations and crossed fingers can only take you so far in today's climate – despite predictions from economic experts that things are actually getting better. Resourcefulness is increasingly about making well-researched and strategic decisions. Decision-makers are both pragmatic and forward-thinking when it comes to sound investments; and necessary cutbacks. Spending that may have been weighted towards marketing and campaigning are being redirected into securing IT platforms to prevent cyber threats, as well as protecting physical assets, so charities can keep on running and paying the bills.

**Q: What risks and considerations should charities bear in mind when diversifying income streams?**

A: Standing in a high street with a bucket is no longer a viable solution. When it comes to marketing, harnessing the power of social media

and certain influencers can lead to more authentic audience engagement. Secure banking apps for donations are vital, but building portals isn't enough – driving traffic through multiple interactive channels is key to increased growth.

**Q: Why do you think cyber risk remains such a blind spot for the sector, and what steps should every charity be taking to strengthen their defences?**

A: Charities are not naïve to the serious implications of cyber threats – too many big names have fallen victim to serious breaches. Part of the solution lies in a better deployment of the tools and knowledge needed to reduce risk and strengthen defences at both national and local level. All staff must understand the impact of breaches and be aware of the risks. Criminals will exploit any weakness to gain access, including weak processes and controls. We're talking cyber insurance and risk management training. And while that has a price tag, it's a worthwhile return on investment and likely to be much lower than the cost of recouping funds and customer confidence should there



be a data breach.

**Q: As AI and digital tools become more embedded in organisations, the risk profile for charities is changing. How should leaders approach emerging technology risk, both ethically and operationally?**

A: Charities should always attempt to align AI and digital tools with their core values. The slightest hint of moral compromise may tarnish a reputation, and therefore the ability to raise funds and effectively operate. Even without the risk of an outside cyber-attack that could compromise data, internal misuse of data is an issue to avoid. We address the implications of this in our report. Ground-breaking apps mean emergency services can be with someone in danger very quickly, but we must mitigate for the risk of information getting into the wrong hands. A good knowledge of safe AI and technological handling has to begin at board level and fan out to all employees. Having a recognised and published framework that prioritises good behaviours, alongside publishing how and where data is used, is a great starting point, together with a recognised code of ethics and governance that ensures any digital implementation protects and supports.

**Q: Staff retention and wellbeing continue to challenge charities. What have you observed about how charities can protect their people and their organisational culture in tough financial times?**

A: In the report, 71 per cent admitted they were tempted to look for a better-paid job from the not-for-profit sector. The cost of living isn't just about donors having less income, it's reflected in whether a charity salary can pay the bills for employees. This in

turn takes a toll on both the physical and mental wellbeing of a team, but the answer shouldn't be about slicing into employee benefits. Flexible working options (both location and hours), additional leave days, higher pension contributions, plus wellbeing and mental health investments all help with staff retention at a time when increasing wages may not be an option right now. Add to that training and development opportunities, plus recognition and reward incentives, and you're increasing the likelihood that your best people may ride the storm and stay.

**Q: The report highlights that many charities are re-evaluating benefits and support packages. Why do you think investing in employee wellbeing and benefits has become such a critical part of managing organisational risk?**

A: Employee burnout and stress is as much of a factor as leaving the sector for financial reasons. A large part of attracting and maintaining the best talent will depend on how robust and authentic the wellbeing and benefits package is. Incorporating health cash plans, private medical insurance, dental cover, gym discounts may just be the deciding factor for someone potentially joining an organisation – and play a part in them being physically, emotionally, and mentally supported.

**Q: With so many overlapping risks (financial, cyber, reputational, people-related) how should charity leaders rethink their approach to risk management overall?**

A: It's about reframing what risk means to the charity sector; it doesn't always have to be a scary conversation about avoidance, attack, or loss. It can be about embracing the positive changes

that new technology will deliver. By removing the fear factor and involving the whole team, we can move the dial to one that embraces opportunity rather than anticipates change with a sense of dread.

**Q: Finally, as you look ahead, what role do you think insurance plays in helping charities navigate uncertainty?**

A: Insurance needs to be seen as more than just a back-up tool following an unexpected event. Establishing a trusted and specialist insurance partner enables a charity to navigate each and every one of the common risks, from providing stability and security during business interruption to utilising the benefits of cyber insurance if the digital walls are breached. Robust business insurance and risk management can help safeguard the reputation of a charity if it's ever being called into question, ensure governance and compliance is adhered to, and put in place a crisis response strategy that goes much further than a rebuild following a flood. Insurance can provide a better sense of preparedness and insight. Which ultimately may be what's required in order to come through a turbulent and challenging time.

*Download the full Rewarding Industries 2025 report using the QR code below and discover how those on the inside of the charity sector are reacting to challenges, or contact Howden's specialist team today on +44 (0)333 234 1358 to find out how they can support your charity with their programme of insurance cover, risk management solutions, and health & benefits programme.*



# Is your charity covered? The insurance checklist for leaders

WRITTEN BY CHARITY TIMES

We provide an overview of some of the insurance options available and sets out how they can protect you from some of the biggest risks in 2026.

**R**unning a charity means juggling tight budgets, passionate teams, and big responsibilities. But one overlooked risk can derail everything. Insurance isn't glamorous, yet it's the safety net that keeps a charity on track when the unexpected happens.

From accidents at events to cyber breaches, the right cover can make the difference between recovery and closure. So, how do you know if your charity is protected? Here's a quick checklist every leader should review to provide peace of mind.

## 1. Public liability insurance

If someone is injured or their property is damaged during your charity's activities, you could face costly claims. Public liability insurance covers legal fees and compensation, protecting your organisation from financial shock. It's essential for any charity that interacts with the public, whether through events or services.

## 2. Employers' liability insurance

A legal requirement if you employ staff, this policy covers claims from employees who suffer injury or illness at work. Even small charities with just one paid worker need it. Failing to have employers' liability insurance

can lead to hefty fines, so check your compliance now.

## 3. Trustee indemnity insurance

Trustees make big decisions, and sometimes mistakes happen. This cover protects trustees from personal liability if they're sued for mismanagement or breach of duty. Without it, individuals could face personal financial ruin. It's a must-have for protecting those who steer your charity's future.

## 4. Property insurance

From office buildings to laptops and specialist equipment, property insurance covers damage or loss caused by fire, theft, or other disasters. Even if you rent premises, check what's included in your landlord's policy and fill any gaps. Replacing assets without cover can drain your reserves overnight.

## 5. Cyber insurance

Charities hold sensitive data – from donor details to beneficiary records. A cyber breach can lead to financial loss and reputational damage. Cyber insurance helps with recovery costs, legal fees, and even PR support. In an era of rising online fraud, this is no longer optional.

## 6. Event insurance

Fundraising events are vital, but they come with risks. Event insurance covers cancellations, accidents, and even bad weather. Without it, a single mishap could wipe out months of planning and income. If events are part of your strategy, make this a priority.

## 7. Volunteer cover

Volunteers are the heart of most charities, yet their protection is often overlooked. If a volunteer is injured or causes harm while helping, you could face claims. Volunteer insurance ensures they and your charity are covered, reinforcing trust and safety.

## 8. Business interruption insurance

What happens if a flood, fire, or other crisis forces you to close temporarily? Business interruption insurance helps cover lost income and extra costs to keep your charity afloat. It's about continuity in the event of crisis, preventing sinking funds.

*Disclaimer: It's worth noting that you must always review your policies annually and consult a broker for tailored advice to ensure you have the right cover for your charity's individual needs.*



# Challenges and risk in a post-Covid world

WRITTEN BY ALIX BEDFORD, HEAD OF CUSTOMER AND PARTNERSHIPS AT ZURICH MUNICIPAL

The risk landscape for charities has shifted since the pandemic, prompting organisations to adapt strategies, strengthen resilience, and continue meeting their communities' changing needs.

Charities are being called upon to do more than ever before. Both public sector commissioners and communities themselves are directly reaching out to charities for help with a growing range of issues. This surge in demand comes at a time when funding is harder to secure, and the cost of delivering services has risen sharply. As a result, charities are being forced to stretch their already limited resources further, which places them under significant financial strain.

Not only is there a rise in demand but there is an increase in the complexity of needs charities must address. Following the long-term effects of COVID-19, mental health challenges and conditions such as long COVID have created additional vulnerabilities in already at-risk groups. Charities are now required to adapt their services to meet these multifaceted needs, often without receiving additional funding or support.

Whilst there was a surge in community spirit during the pandemic with many people stepping forward to volunteer, unfortunately, this momentum has not been sustained. Volunteer numbers have dropped, and financial donations have also declined as individuals face their own economic

pressures. This reduction in voluntary support and funding has left charities with fewer resources to meet the rising demand for their services.

Charities are also being forced to rethink their strategies. They face tough choices between providing support to a larger number of people with limited resources or focusing on fewer individuals with deeper, more meaningful assistance. These decisions are reshaping how charities operate and how they measure the impact of their work.

The emotional toll of the pandemic has not only affected the communities charities serve but also the people working within the sector. Charity staff and volunteers are experiencing increased levels of stress and burnout. To address this, organisations are investing more time and resources into wellbeing initiatives. While this is essential, it adds another layer of responsibility for charities already stretched thin.

Technology has been a lifeline for charities, particularly during lockdowns when digital tools became essential for fundraising and service delivery. However, many charities lack the expertise to manage these platforms securely and effectively. This has left them vulnerable to cyber

threats and fraud. While technology offers exciting opportunities to innovate and reach more people, it also brings new risks and requires new skills that many organisations are still developing.

Despite these challenges, charities are not alone. Zurich Municipal has been a trusted partner to the charity and voluntary sector for many years, working closely with organisations such as NCVO, to help offer a range of support to navigate these uncertain times. This includes:

- Webinars and sector reports to provide insights and guidance
- Tailored risk consultancy to address specific organisational needs
- Online resources with practical advice, covering everything from managing solar panel installations to running community allotments.

This support is designed to help charities manage risks effectively and operate with greater confidence. How charities respond to these challenges will not only shape their own futures but also the wellbeing of the communities they serve.

With the right support and a clear focus on their mission, charities can continue to make a meaningful difference in the lives of those who need it most.

# Sustain their hope

**At Zurich, we help protect what matters to you.**

Our insurance supports your charity, volunteers and its recipients in ways you might not think. From preventing disruption to your vital work with our risk management guidance, to protecting the physical and mental health of your team through access to nurses, counsellors and therapists. Trusted by over 17,000 not-for-profit organisations, we can help you protect their future in more ways than one.

For more information call 0800 917 9420 or visit [zurich.co.uk/charity-insurance](https://zurich.co.uk/charity-insurance)

## Sustain your world.

We may record or monitor calls to improve our service.

Zurich Insurance Company Ltd. A public limited company incorporated in Switzerland. Registered in the Canton of Zurich, No. CHE-105.833.114, registered offices at Mythenquai 2, 8002 Zurich. UK Branch registered in England and Wales no BR000105. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ.

# Invisible but invaluable: The real impact of insurance

WRITTEN BY ZURICH INSURANCE

When an accident struck a small community charity, their public liability insurance proved invaluable; protecting finances, reputation, and their ability to keep serving others.

**A**s insurance isn't something you can physically see when you purchase it, it can be difficult to truly see its benefits, especially when everything is going smoothly. It is often bought to tick a box, but the real value often becomes clear only when the unexpected happen.

To help illustrate this, Zurich Insurance has shared a scenario where Public Liability insurance made a real difference for a small charity.

## The charity

Ruth volunteers with a local charity that brings the community together through open days, meet-ups, and workshops. She's proud to be part of a team that creates laughter, conversation, and real connection.

## The incident

During one lively open day, the atmosphere was filled with community spirit. But everything came to a sudden stop when a visitor tripped on a loose floorboard – a detail the team hadn't spotted during their risk assessment of the event.

The visitor's fall was serious and the charity was suddenly faced with a claim for compensation: a broken leg, time off work, pain, and legal expenses.

## The challenge

For a small charity, an incident like this can feel overwhelming. Ruth and her team found themselves asking: "What do we do now?" Covering medical bills, lost wages, and legal costs could threaten their ability to run future events, or even continue their work.

## Insurer steps in

Fortunately, the charity had Public Liability insurance in place. Their insurer supported the team through every step.

As the charity was found to be negligent, their insurer paid out on the claim, covering compensation for the visitor's injury, time off work, and legal costs. The charity received practical risk management guidance to help prevent similar incidents in the future.

## The outcome

Here's what happened next:

- The visitor was looked after fairly and promptly.
- Ruth's charity stayed financially secure, able to keep serving the community.
- The team learned important lessons about risk and safety – with their insurer's guidance.
- Community trust remained strong, as everyone saw the charity acting responsibly.



## What's in it for charities?

It's a simple story with an important message: having the right cover means you can focus on your mission with confidence, knowing you're protected if things go wrong.

Whilst insurance isn't tangible, the benefits can have a real material difference when things go wrong. Being sufficiently insured means that charities can focus on their mission, knowing support is there. It protects reputation, finances, and relationships – helping charities create a brighter future for everyone.

# Sponsor Profiles

## EXCLUSIVE BROKER SPONSOR

### HOWDEN



**H**owden is one of the world's largest insurance groups, bringing specialist broking and innovative risk solutions to organisations of every size. As an employee-owned business, we're driven by long-term thinking and a culture that empowers people to find better answers for clients.

We do things differently - providing flexible, tailored solutions, and a reassuringly straightforward service, using insurance and risk management services to protect your people, property, employees, volunteers and your business reputation. United by a no-limits mindset, we're a powerful

and passionate team who can rise to any challenge to do right by your organisation.

We have 30 years' experience providing solutions for charities and not-for-profit organisations, having supported over 3,000 third sector organisations, and partner with community-based associations such as Locality and Ukactive.

Many of our solutions go beyond the traditional broking model, providing a holistic approach to managing your risks, liabilities, health and safety responsibilities, cyber security, and supporting with your employee benefits and wellbeing

strategy.

We produce the annual Rewarding Industries report, an original piece of research that explores how UK charities navigate socio-economic changes, emerging technologies, and talent retention and recruitment trends.

For further information, please contact:

**Mark Fisher**  
**01242 866104**  
[mark.fisher@howdeninsurance.co.uk](mailto:mark.fisher@howdeninsurance.co.uk)  
<https://www.howdengroup.com/uk-en/sector/charity-and-not-for-profit>

## SPONSOR

### ZURICH



**A**t Zurich, we understand that charities, clubs, and other not-for-profit organisations are at the heart of local communities. We are the trusted insurer of more than 17,000 organisations nationwide and with over 30 years of experience, we're here to protect what matters most to your organisation.

Our insurance products are carefully designed to provide protection and peace of mind, allowing you to focus on delivering vital services. Our experts work closely with you to find the right solution for your needs,

and we partner with NCVO to strengthen support for the sector. But we're more than just an insurer.

We provide proactive risk management guidance to help prevent issues before they arise, and offer a range of wellbeing and support services for your people—from counselling to legal and financial advice. By combining tailored cover with practical support, we aim to help charities and community organisations thrive and continue making a positive impact where it matters most.

For further information about Zurich's services, please contact our New Business Team:

**0800 9179420**  
[enquiries.team@uk.zurich.com](mailto:enquiries.team@uk.zurich.com)  
<https://www.zurich.co.uk/charity-insurance>