



Directors' & Officers' Liability

Even the most prudent director can make decisions in good faith which prove later to be ill-judged but ignorance is no defence in the eyes of the law. Directors' and officers' of residential management companies should be aware that they could potentially face unlimited personal liability without the protection of this affordable insurance.

'Although directors and officers typically hold their positions as volunteers and out of goodwill' the law recognises no fundamental difference between people running a residential management company and those running a large commercial enterprise. Directors can be held personally liable for the financial consequences of their actions and errors.

Managing a building is a time consuming task, even with the assistance of property managers. Any director willing to put in the time and effort deserves the protection that this affordable 'peace of mind' liability insurance can provide.

What could go wrong?

A director could be held liable because the value of a co-lessee's flat had fallen due to the failure to identify and rectify external dilapidation.

A lessee might hold a director responsible for the poor workmanship of contractors, which were paid out of the service charge budget.

A third party might sue as the result of a defamatory remark, inadvertently made by someone in the capacity of director.

It could prove difficult, or even impossible, to recruit suitably skilled and experienced people as directors of a residential management company because they are unwilling to accept the potential personal liability.

Cover is provided for breach of duty, trust or contract, neglect, misleading statements and wrongful trading or wrongful acts or omissions.

What is covered?

- Legal defence costs
- Damages awarded against a director
- Out of Court settlements
- Claimants costs and expenses
- Legal advice
- Legal representation

Is cover available where Deacon does not currently arrange buildings insurance?

Yes, our Directors' and Officers' insurance can be a stand alone policy, even if the block of flats is insured elsewhere.

Who is covered?

Any person presently *or previously* appointed as a director or officer, their legal heirs or representatives and any employee of the residential management company, named as a co-defendant.

What is NOT covered?

As you would expect, the policy does not cover intentional dishonesty or fraud, nor does it cover taxes, fines, penalties or punitive or exemplary damages.

This policy does not cover loss or damage to property or personal injury which would typically be covered by other insurances.

Is this cover needed when managing agents, with their own professional indemnity insurance, are engaged?

Yes, the two really are complementary. This insurance relates specifically to breaches of duty by directors and officers in managing the company's affairs. A managing agent's professional indemnity relates only to claims arising from his own professional duties.

How do I get a quote and arrange cover?

Call **08000 92 93 94** and we will do the rest – including all the administration.

How do I get further information?

Visit www.deacon.co.uk or call freephone **08000 92 93 94**.