

# Client Bulletin – Risk Management

## DIRECTORS' & OFFICERS' LIABILITY FOR RESIDENTS ASSOCIATIONS etc.



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Many Directors or Officers of Residential Property Management Associations/Companies are unaware that they could be held personally liable for their actions.

A Directors' & Officers' Liability Policy covers losses arising from claims brought against directors and officers for 'wrongful acts' committed in the performance of their duties, to ensure that their personal wealth is protected.

### What is a 'wrongful act'?

'Wrongful act' includes breach of duty or trust, neglect, error, misstatement, misleading statement, omission, negligent act or any other act wrongfully committed.

### Who could make a claim against you as a director or officer?

Any person that may have an interest in the affairs of your company could make a claim. For example, this might include creditors, government departments and/or regulatory authorities and indeed the individual flat owners you represent.

### How might a claim arise?

There are various duties imposed upon you as a director or officer including:

- (i) **Common law duties**
  - legal principles established from many years of case law.
- (ii) **Fiduciary duties**
  - to act honestly.
  - to act in good faith.
  - to act in the best interests of the company at all times.
  - not allowing personal interests to conflict with those of the company.
- (iii) **Duties of skill and care**
  - to exercise the same level of care that a person would use in the management of their own affairs.
  - to exercise the level of skill expected from a person with their knowledge and experience.
- (iv) **Statutory duties**
  - Where an offence under an Act is committed by a Company with the consent or connivance of a director, or is attributable to his neglect, that director is also guilty of the same criminal offence and can be punished accordingly.

### Premium Guide

Premiums start from as little as £320 + 5% insurance premium tax for up to 10 flats and £250,000 indemnity limit increasing for example to £945 + tax for up to 100 flats and £1m indemnity limit.

**Please contact Trevor Taylor at Rowlands & Hames for further information.**

This information is for guidance only. No responsibility is accepted by Rowlands & Hames Insurance Brokers Ltd. for action taken as a result of the information contained in this bulletin.

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**Please contact Rowlands & Hames for further information.**

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