

# Directors and Officers Insurance

## Why buy Directors and Officers Liability insurance?

In a claim situation, a Director's or Officer's personal assets are at risk. They cannot rely on the Residents Association/Company to indemnify them. Often such an indemnity from the company will be in contravention of the Companies Act. The Directors and Officers Liability Insurance Policy will pay on behalf of the Director their legal costs and expenses in defending a claim and any civil damages awarded against them.

## The changing environment

Current trends, including increased regulation and a greater understanding on the part of third parties of the duties and responsibilities of a Director, together with third parties' generally greater awareness of their rights, are all now contributing to the once rare occurrence of a Directors and Officers claim becoming increasingly commonplace.

## Examples of Directors and Officers claims

- A caretaker was killed following an accident involving machinery. The Health and Safety executive investigated the accident and concluded that two directors were responsible and should be cautioned personally. The incident was also reported to the Police and Crown Prosecution Office who brought a charge of manslaughter. One of the directors lost his £250,000 home as a result of the incident.
- An unruly family bought a flat in an otherwise select block. The owner of an adjacent flat immediately put her property on the market and alleged that she had been forced to sell for £20,000 less than the true price. She is suing the Chairman and Secretary of the Management Company on the grounds that they have failed to discipline the family, who had clearly intimidated them.
- The Management Committee was held personally liable for failure to appoint a responsible builder to re-roof a large block of flats. The firm concerned botched the job and went into liquidation shortly afterwards. The work was so poor that most of it had to be done again.

Call Danielle Williams on 0207 330 8729 for more information.

