

## Directors and Officers Insurance

### What is Directors and Officers Insurance?

Directors and Officers of management companies or residents' associations of blocks of flats (who are usually unpaid volunteers) regularly make decisions that relate to the running of the block i.e. maintenance, planning permission investments, etc.,

Should a decision be made or fail to be made that causes a resident or other party to incur a financial loss then the Directors and Officers of the block may be sued personally for the amount of the loss suffered as a result of the alleged error or omission by the Directors and Officers.

Directors and Officers Insurance provides protection by defending and settling claims for financial losses by residents or other parties arising from alleged errors or omissions made by past, present and future Directors and Officers of the Management Company or Residents Association.

Directors and Officers Insurance is a policy solely for the residents' representatives to protect them in the same way as the Managing Agents Professional Indemnity Insurance protects them.

### Why do Lessees need D&O if they have a Managing Agent?

In these increasing litigious times should an incident occurs that give rise to a claim for financial loss it is usual for legal action to be taken against all parties involved including the Managing Agent (who would be covered by their Professional Indemnity Insurance) and the Directors and Officers of the Management Company or Residents Association, collectively or individually therefore without D&O cover they would have to employ their own legal representative at their own expense to defend them.

Directors and Officers of Blocks of flats also need to comply with the Companies Act and failure to do so could result in the need to be defended against prosecution.

In addition, if the Directors and Officers make decisions without involving the Managing Agent then they are solely responsible for these actions.

#### The claims we have seen include:

- Where Directors and Officers have been sued for libelling and/or slandering previous Directors, Officers and the Freeholder at meetings and in the minutes of meetings.
- Share transactions referred to court to resolve as errors were made.
- Not objecting to planning permission on neighbouring land that affected the value of flats.

## Features of our Scheme

- Limits of Indemnity up to £2,000,000 any one claim.
- Includes cover for the Management Company itself which is a separate legal entity and can be sued in its own right.
- Full Legal Defence Costs Included.
- Advice on disputes freely available.
- Competitive Premiums.
- Simple Administration, a statement of fact and the Policy documents are issued by return.
- Can cover both the Management Company and Freehold Company where there are Directors in common at a reduced premium.
- Cover for defending Directors, Officers or the Management Company at Property Tribunals.

## Summary

We recommend Directors and Officers Insurance to protect unpaid Directors against legal action arising from decisions they make and whether they are proven to have made the right decision or not the value of the policy is that it pays for the defence of the claim and any subsequent awards rather than lessees having to fund it themselves.

**If you have any queries on this topic or any other insurance issues please contact us we are always happy to help.**

## Contact Us

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