

# Trustee's liability insurance – at a glance

## What is a charity trustee?

“A trustee is a member of a group of people – the board of trustees, management committee or governing body – who have ultimate responsibility in a charitable organisation.” *Charity Commission*

Anyone has the potential to become a trustee. Whether young, old, male, female, a professional or a student, charities are looking for a diverse range of skills and experience.

A charity trustee can have a number of names including board members, governors, directors and members of the management committee. Any individual engaged with the governance of the charity is de-facto a trustee.

## What is a trustee responsible for?

Here are just some of the responsibilities of a charity trustee:

- Making sure the charity is run properly and uses its charitable funds and assets wisely
- Making sure that the charity doesn't do anything to put its property, funds, assets or reputation at risk
- Making sure the charity takes care when investing or borrowing money.

## What is trustee indemnity insurance?

Trustee's liability insurance is a reassuring safety net – if a trustee makes an honest mistake, trustee's liability insurance is there to protect them. It isn't a legal requirement but is considered essential by charities when recruiting high-calibre trustees. For example, this type of insurance will cover breach of trust claims and wrongful trading and associated legal costs. It is important to note trustee indemnity insurance will cover trustees where they have acted wrongfully but they will not be covered if they have acted recklessly or dishonestly. Other items not covered include criminal fines and penalties imposed by public authorities or any costs arising from fraud or dishonesty.

## Who is responsible for arranging insurance?

Both charities and trustees could be responsible, but remember that you are individually accountable for your actions. You are also potentially liable for the actions of other trustees, employees or even volunteers. By having trustee indemnity insurance in place, provided you have acted honestly and reasonably it will protect you against potential financial losses incurred while having to defend a claim.

## Why choose Ecclesiastical?

- Ecclesiastical's charity and community policy provides trustee's liability cover as standard and has the option to add cover for reputational risks
- Over the past 4 years we have donated more than £67m to charity making us one of the top 5 corporate donors in the UK
- We currently insure over 45,000 UK charities and are owned by a charity.



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