

FESC Directors and Officers Insurance

Acting as a director and/or officer of an MSA carries with it certain responsibilities. Here is some key information on the insurance that you are covered for under the F.E. Services Company.¹

Why Have Directors and Officers Liability Insurance?

It is advisable for the non-profit company to have appropriate liability insurance for the business aspects of the company that will protect directors and officers financially.

What Is Required?

Directors and officers of an MSA are required to:

- Act diligently and with due care.
- Avoid conflicts of interest and activities that benefit them personally at the expense of the MSA.
- Comply with the federal and provincial laws (both personally and corporately) that regulate management and corporate conduct.

If directors and officers fail to act properly, they may be liable to the company, members, employees, the general public, creditors, government regulators, and other third parties.

The company may not be able to protect a director or officer if:

- Indemnification by the company is not legally permissible.
- The company is insolvent or financially distressed.

What Does Directors and Officers Insurance Cover?

The policy provides coverage for errors and omissions in a broad range of management decisions that could conceivably result in a lawsuit against directors and officers. This includes coverage for defence costs, settlements, and judgments on account of claims by members, employees, creditors, the general public, creditors, regulators, governments, and other third parties for a broad range of allocations, such as:

- Unpaid wages, vacation, and taxes.
- Negligent misrepresentation.
- Breach of fiduciary duty/mismanagement (excluding pension plans).
- Negligence.
- Antitrust.
- Consumer protection violations.

¹ "Insured" includes the insured organization as well as past, present, and future directors, officers, trustees, members of board of managers, in-house general counsel, executive director, risk manager, human resources manager, employees (and contract employees), volunteers, and committee members.

Insurance is provided by Westland Affinity Group Insurance Services.

- Wrongful interference with a contract.
- Copyright, trademark, and patent infringements.

Exclusions include:

- Claims that occurred before the policy was effective.
- Dishonest acts.
- Claims made by one director against another.²
- Claims alleging bodily injury.
- Property damage.
- Mental anguish.
- Emotional distress.

Coverage responds to many types of claims, not just lawsuits; for example:

- A written demand for money damages.
- A civil lawsuit.
- A criminal proceeding.
- A formal administrative or regulatory proceeding.

This coverage also can be extended to independent contractors employed by the company on behalf of the MSA under a signed FESC contract.

Ultimately the Directors and Officers of FESC are the ones responsible for its management, control and supervision so they would be held liable for any mismanagement, either caused by themselves or by the independent contractor hired by them to work for the MSA.

Further Information

For further information, please contact engagement@doctorsofbc.ca

² Some coverage may be available for past directors taking action against current directors.