



# Family Trustee Liability





# INTRODUCTION

**As key decision-makers, trustees face potential claims from many parties, including beneficiaries, creditors and other board members.**

Unlike employees of a professional services organisation, non-professional trustees may not be afforded protection by an entity — instead, allegations of a wrongful act or a breach of trust can be brought against them personally.

With so many duties to different parties, even those trustees with years of experience can find themselves in contentious situations.

Fortunately, in many circumstances, trustees can protect themselves against the outcome of these allegations with insurance.

Leveraging decades of experience and a detailed understanding of these particular exposures, Lockton builds tailored liability policies to protect trustees against fines and compensation claims as well as any legal costs arising from them.

We'll keep you protected, so you can continue performing your duties with total peace of mind.



# WHY INVEST IN TRUSTEE LIABILITY INSURANCE?

**Many lay trustees are unaware of the substantial personal liabilities they assume by undertaking these roles.**

Allegations against trustees can take many forms, including: mismanagement of trust assets, failure to diversify assets, accounting errors, unfair or improper distributions, failure to follow terms of the trust agreement, and conflict of interest.

It is also important to note that a professional adviser may only be covered under their practice's PII for the work that they do in their professional capacity. This can leave them personally exposed when acting in their capacity as a trustee.

Trustee liability insurance covers the cost of defending or settling a wide range of claims. This policy protects against fines and compensation claims as well as any legal costs.



97%

CLIENT RETENTION RATE

125 | \$2.15bn | 100<sup>+</sup>

CLIENTS IN OVER 125 COUNTRIES | BILLION REVENUE | OFFICES WORLDWIDE

8,000<sup>+</sup> | \$38bn

ASSOCIATES | OVER \$38 BILLION PREMIUMS PLACED

## WHY LOCKTON?

Our family trustee liability insurance product is designed to protect lay trustees, including those acting in their non-professional capacity.

### Our solution

- Cover for non-professional family trustees against wrongful acts/breach of trust
- A selection of liability limits up to £10m to fit your potential exposure
- Cover for professional trustees where your liability is excluded from an organisation's liability cover
- One initial proposal form with only a declaration required at renewal
- Complementary insurance health check of all the trust assets, to advise trustees that all assets are correctly insured for and on behalf of the trust

Lockton's private client specialists will also assist with the risk management and insurance requirements of the trust's assets, including: residential and commercial property, fine art, collectables, chattels and jewellery.

# COVERAGE INCLUDES

1. Protection against potential litigation brought by the trust's beneficiaries or other claimants, where there is an allegation of a wrongful act
2. Protection for a trustee's personal assets, effectively protecting their own personal wealth
3. Damages, judgements and settlements awarded against a trustee in relation to a wrongful act  
(This includes reimbursement to the trust, to the extent it has indemnified the trustee in respect of the wrongful act/breach of trust)
4. Defence costs incurred in the investigation, defence and settlement of any claim against a trustee in relation to a wrongful act
5. Any person who was, now is, or may become a trustee

# COVER EXTENSIONS EXCLUSIVE TO LOCKTON



Defence costs in respect of illegal profits and deliberate acts



International assets extension

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# AM I ELIGIBLE FOR FAMILY TRUSTEE LIABILITY?

Our cover is designed for:

- Family trustees as opposed to charity trustees
- Lay trustees who are not appointed for their professional services
- Trustees appointed where their organisation does not cover their trustee responsibilities

Please note that our cover is afforded to natural persons in their individual capacities as trustees. Professional advisers may only be covered under their practices PII, for the work that they do in their professional capacity which leaves them personally exposed.

# TRUST TYPES COVERED UNDER OUR POLICY

- Family trusts that are intentionally created to either generate income for beneficiaries, and/or accumulate additional wealth within the trust
- Bare trust, mixed trust, discretionary trust, accumulation and maintenance trust, and interest in possession trusts
- Trusts where land, buildings, investments, money, art, antiques and other valuables or assets are held in a trust

To find out more about your risks, legal exposures and eligibility for this insurance product, contact:



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