



CASTLE ACRE

Insurance for Trustees and Trusts
Private Trusts and Charities

www.castleacreinsurance.com

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Trustee Duties and Liabilities

As a lay trustee of a private trust or charity you are responsible for protecting the interests of the trust and its beneficiaries but **who protects you?**

Most trustees understand that they will be held to account if they make a mistake in their role but not all realise they face **unlimited personal liability** not just for their own actions but for the actions of other trustees – this is known as **joint and several liability**.

In an increasingly litigious environment trustees are exposed to claims particularly in relation to private trusts with individual beneficiaries.

‘it hasn’t really been a level playing field for lay trustees until now – working with a leading insurer we have designed a policy which will protect lay trustees against claims made against them as a result of any mistakes they may make in their role.’

Hugo Johnsen
Director, Castleacre Insurance



Our Trustee Indemnity Policy will protect
Trustees for any ‘wrongful act’

A 12-month policy providing Indemnity Insurance
for all Trustees past, present and future

Tailored insurance for higher value Trusts

Insurance for a range of Trusts

Bare Trusts
Accumulation and Maintenance Trusts
Interest in Possession Trusts
Family Will Trusts
Discretionary Trusts
Heritage, Charitable or Business Related Trusts

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Potential Claims

- Neglecting to insure the property assets of a Trust
- Failure to pay correct taxes on trust assets
- Selling an asset without the agreement of all the trustees
- Engaging in an action which constitutes a conflict of interest without declaring or disclosing your interest to all relevant parties
- Improperly delegating a decision to someone who has no legal authority
- Paying or distributing goods, chattels or assets to the wrong beneficiary and then failing to recover those assets or monies to the detriment of other beneficiaries
- Failing to identify a creditor who subsequently makes a claim.



Private Trusts

Examples of Real Life Claims:

1. A trust was set up to provide the wife of the settlor (who had died) with an income for life, when she died the children were to receive the capital. The wife was a trustee as well as the principal beneficiary and she arranged the assets to maximise the income. Upon her death the remaining beneficiaries sued the trustees because they did not take into account the requirements of ALL the beneficiaries.
2. A house was put into a Trust and was the largest asset in that Trust. The insurance valuation was not checked for 20 years. The house burned to the ground and when the claim was paid by the insurance company the house was found to be underinsured by 50%. The house was listed and had to be rebuilt to the same standard as before but the trust had to pay the difference. The trustees were negligent for not having sought a professional revaluation or put the insurance out to tender in 20 years.
3. A large landed estate was put into trust. The Dower house was given to a member of the family at a peppercorn rent. The other beneficiaries were not consulted and upon discovery sued the trustees for not treating all beneficiaries in the same way.



Our Trustee Indemnity Insurance Policy

Includes:

- ✓ Past, present and future trustees
- ✓ Indemnities from Trusts
- ✓ Wrongful acts – an actual or alleged wrongful act or omission on the part of a trustee acting in his/her capacity as a trustee
- ✓ Claims made in the policy period
- ✓ Retro-active cover **can be** added to cover late claims that arise from actions taken before the policy started
- ✓ Run-off cover provides indemnity protection after a trust has ceased to operate
- ✓ Defence costs and expenses including investigations
- ✓ Criminal defence costs and investigations
- ✓ Buy in limits of £1,000,000 or £2,000,000 in all. Higher options are available.

Excludes:

- ✗ Death or bodily injury
- ✗ Dishonest, fraudulent or criminal acts
- ✗ Pension/employee benefit schemes
- ✗ Pollution, radiation, war
- ✗ Prior claims or circumstances
- ✗ Property damage
- ✗ USA/Canada
- ✗ Fines and penalties
- ✗ Actions brought by a Trustee against another Trustee.

Charities

Examples of Real Life Claims:

1. Theft from a charity by a family member, who was also an appointed trustee, left other trustees open to legal action
2. Death of a volunteer working for a charity led to successful action for failure to comply with HSE training and supervision requirements
3. Charity Commission involvement following whistleblowing allegations against a trustee
4. Breach following incorrect grant of money to an inappropriate organisation, funds were not recovered and trustees became liable
5. Under insurance of a building led to a loss on replacement.



Our Trustee Indemnity Insurance for Charity Trustees

Includes:

- ✓ Trustees, management committee
- ✓ Past, present and future trustees
- ✓ Indemnities from Charity
- ✓ Claims made in the policy period
- ✓ Retro-active cover
- ✓ Run-off cover – 6 years for retiring trustees
- ✓ Wrongful acts – an actual or alleged wrongful act or omission on the part of a trustee acting in his/her capacity as a trustee
- ✓ Defence costs and expenses including investigations
- ✓ Criminal defence costs and investigations
- ✓ Buy in limits of £1,000,000, £2,000,000 or £5,000,000 in all.

✓ Additional covers can be included:

- Employment practices
- Organisational and professional liability
- Fidelity by a trustee acting in his/her capacity as a trustee

Excludes:

- ✗ Death or bodily injury
- ✗ Dishonest, fraudulent or criminal acts
- ✗ Pension/employee benefit schemes
- ✗ Pollution, radiation, war
- ✗ Prior claims or circumstances
- ✗ Professional liability
- ✗ Property damage
- ✗ USA/Canada
- ✗ Fines and penalties
- ✗ Actions brought by a Trustee against another Trustee.



CASTLE ACRE

For advice or a quotation contact:



Guy Everington
Director ACII

guyeverington@castleacreinsurance.com
+44 (0)1787 211 155



Hugo Johnsen
Director FCII

hugojohnsen@castleacreinsurance.com
+44 (0)1787 211 155

www.castleacreinsurance.com

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CASTLE ACRE

CASTLEACRE HOUSE, 26 HIGH STREET, HADLEIGH, SUFFOLK IP7 5AP
TELEPHONE: +44 (0)1787 211 155

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