



**The Good, the Bad, and the Ugly of Community Association
Directors & Officers Liability Insurance
CAMICB Course No. 8004**

Take A-Ways

- Before buying - review the governing documents
- Ignorance of the governing documents is not a defense
- Know what it means to live in a Common Interest Development
- You elected the Board of Directors (“BOD”) – Failure to vote is a vote.
- The BOD has broad authority; a court will not overturn a decision unless fraud, failure to disclose a conflict of interest or violation of law
- A camel is a horse made by a BOD, and a camel is the goal
- The BOD must put the interest of the association above their own – their duty is to *Protect, Preserve and Enhance* the association’s assets
- The BOD’s is a group of elected unit owners who work as a group at a properly noticed board meeting. Caution: There is no BOD privilege!
- BOD members are not “employees”
- BOD members have no individual authority unless expressly delegated a specific task
- Outside the BOD meeting, the BOD members are unit owners
- BOD members have no enforcement authority unless expressly delegated by the BOD
- BOD members are protected by D&O Insurance when acting in the capacity as a BOD member. Caution: understand what is and is not the capacity of a BOD.
- Not every decision or conduct of the BOD is covered by D&O!
- The BOD must listen to the unit owners and should not react
- The BOD must use some form of Robert’s Rules of Order
- The BOD should not assume a liability that it does not have to assume
- The Association is insured for every exposure. The question is are they insured by insurance or are they self-insured
- BODs should use professionals – this supports the Business Judgment Rule and transfers risk to the professional
- Governing documents do not require the BOD to save money