



DIRECTORS AND OFFICERS LOSS CONTROL GUIDE

An effective D&O guide can:

- Avoid time consuming and costly claims and litigation while enhancing defense and reducing unwanted exposures.
- Protect financial assets by reducing the liability exposure of the directors, officers and the association.
- Improve the association's ability to reduce the insurance costs.

The following information provides a brief review of techniques to consider in developing an effective loss control program and is provided for reference only. Legal counsel should be consulted to ensure a D&O Loss Control Program is properly designed and legal ramifications are considered.

AVOIDING ADVERSE CLAIMS – The best defense is avoiding adverse claims by preventing them from happening at all. Here are some techniques that, if properly implemented, can help you to prevent claims.

- **Inspect Property** – a committee or key people should conduct monthly walk-through inspections to find and implement a correction program for exposures that lead to claims.
- **Investigate Accidents** – accidents become more costly when information regarding the cause is questionable. Prompt investigation can prevent inflated claims. Identify the causes of the accident and correct the exposures as soon as possible.
- **Correct Reported Problems** – frequently, homeowners / tenants will report hazardous situation that need corrections. Always follow up these reports with a review of the situation. Communicate with the person who advised the association of the situation as to the findings of the concern, and the follow up action that was or will be taken. Copy to file.
- **Conflicts of Interest** – decisions must be made by disinterested directors and officers. Any appearance of a conflict of interest must be avoided or disclosed if unavoidable. Directors and officers should be removed from the decision process when a potential conflict is identified. When in doubt of an existing conflict of interest, seek legal counsel.

