

DIRECTOR EXPOSURE AND LIABILITY**BRD 510**

Members of the Board of Directors of Northern Health (the “Board”) act both as agents of Northern Health and as directors of Northern Health’s assets. Directors¹ are responsible to act only within the authority given to them by governing legislation, regulations and policy, and Northern Health’s by-laws. Directors are expected to exercise the care, diligence and honesty expected of a reasonable person, in similar circumstances.

If a director *knowingly* acts outside this authority, those actions may be invalid (doctrine of *ultra vires*²) and in some instances a Director may be held personally liable for the adverse consequences resulting to Northern Health.

Liability Coverage

Individually and as a group, Directors are exposed to actions under common law, civil law and, in some cases, criminal law. To reduce the risk of litigation for Directors, protection is provided by legislation (the *Health Authorities Act* and the *Society Act*) and by the Health Care Protection Program’s (HCPP) Directors’ and Officers’ Liability and Corporate Reimbursement Agreement.

The *Health Authorities Act* provides protection under Section 14 as follows:

Liability of members

- 14** (1) No action for damages lies or may be brought against a member, officer or employee of a board because of anything done or omitted in good faith
- (a) in the performance or intended performance of any duty under this Act, or
 - (b) in the exercise or intended exercise of any power under this Act.

The Directors’ and Officers’ Liability and Corporate Reimbursement Agreement is provided by the Health Care Protection Program (HCPP) through the Risk Management Branch, Ministry of Finance. Covered parties include Directors of Northern Health.

¹ A Director is defined as: any person, who was, now is or shall become a duly elected or appointed Director of Northern Health, while acting within the scope of his/her duties as a Director of Northern Health.

² Ultra vires is a Latin phrase meaning literally “beyond the powers”. If an act requires legal authority and it is done with such authority, it is characterised in law as intra vires (literally “within the powers”). If it is done without such authority, it is ultra vires. Acts that are intra vires may equivalently be termed “valid” and those that are ultra vires “invalid”.

Coverage is provided for a Director for all loss resulting from a claim for a wrongful act arising solely out of their duties. Examples of exclusions to this coverage include: any act, error or omission resulting from a Director failing to act honestly and in good faith in the best interest of Northern Health; any act, error or admission outside the course of the Director's duties with Northern Health; or any loss arising out of a dishonest, fraudulent, criminal or illegal act or omission of a Director. However, for the purposes of this exclusion, knowledge possessed by any one Director shall not be imputed to any other.

Accident Coverage

Directors are covered for personal injury sustained during the course of business, including travel to and from Board meetings, Board Committee meetings, Meetings with the Ministry of Health and any other public meetings at which they represent Northern Health. This coverage is procured annually by Northern Health Risk Management through the BC Health Services Group Travel Accident Insurance program.

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