

## DIRECTOR LIABILITY & INDEMNIFICATION

### 1. LIABILITY

- (1) The Interior Health Authority (the “Authority”) directors are considered to be directors of a corporation. As such, they act both as agents of the Authority and as directors of the Authority’s assets. Directors are responsible to act only within the authority given to them by the governing legislation, regulations and policy and the Authority’s by-laws.
- (2) If a director knowingly acts outside this authority, those actions may be invalid (doctrine of *ultra vires*) and in some instances a director may be held personally liable for the adverse consequences resulting to the Authority.

### 2. INDEMNIFICATION

- (1) The *Health Authorities Act* (the “Act”) states, “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.” (*Health Authorities Act, R.S.B.C., 1996, section 14*). Thus, directors are protected from personal liability, as long as they exercise the care, diligence and honesty expected of a reasonable person in similar circumstances.
- (2) Pursuant to Order in Council #1236, under the *Act*, Sections 5 and 30(2) (3) (4) and (5) of the *Society Act* apply to Authority. Accordingly, the Bylaws provide that:

Subject to the provisions of the *Society Act*, in consideration for a person acting as a Director of the Health Authority, such Director, their heirs and personal representatives are indemnified against all costs, charges and expenses including any amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by them, in a civil, criminal or administrative action or proceeding to which they are made a party by reason of being or having been a Director, including any action brought by the Health Authority if:

- The Director acted honestly and in good faith with a view to the best interests of the Health Authority; and
- In the case of a criminal or administrative action or proceeding the Director had reasonable grounds for believing their conduct was lawful

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- (3) Directors of the Authority are covered under the Health Care Protection Program (HCPP) and enjoy the protection of directors' and officers' coverage, subject to the terms of coverage for HCPP, for any Wrongful Act arising out of the operations of the Covered Entity. The limit of coverage is \$50,000,000 per occurrence. This coverage continues in place for the benefit of the Director even after the Director ceases his/her role as a Director as long as the claim arose during the time in which the person was acting as a Director of the Covered Entity.