

TRUSTEE INDEMNITY INSURANCE FOR UK CHARITIES

Reviewed by Matthew Bartlett, Director · Last reviewed 2026-06-23

Trustees of UK charities and not-for-profits face personal liability for breaches of duty, even when acting in good faith. Trustee indemnity insurance (TII) protects trustees from these personal exposures. It is governed both by the Charities Act 2011 and Charity Commission guidance. This entry explains the position as it stood in 2026.

WHAT TRUSTEES CAN BE PERSONALLY LIABLE FOR

Charity trustees owe fiduciary duties to the charity and beneficiaries. Breaches can include:

- Breach of trust — failing to act in accordance with the trust deed
- Negligent management of charity assets
- Acting outside the charity's objects
- Authorising payments not permitted by the constitution
- Failing to discharge regulatory responsibilities (Charity Commission filings, employment law, safeguarding)
- Acting where conflicted without proper disclosure

Trustees can be personally liable for losses caused by these breaches. Liability is usually joint and several — meaning each trustee can be pursued for the full loss, even if others share responsibility.

WHAT TII COVERS

Trustee indemnity insurance typically covers:

- Defence costs of any claim against trustees in their trustee capacity
- Damages awarded against trustees
- Costs of regulatory investigations (Charity Commission, HMRC, ICO)
- Some employment-related claims where trustees are named (separate from D&O)
- Pension trustee liability (where the charity operates a pension scheme)

It does NOT cover:

- Dishonest or fraudulent acts of the trustee
- Penalties or fines that are uninsurable as a matter of public policy
- Bodily injury or property damage (PL covers that)

- Liabilities arising from the trustee's normal employment or business activities
- Liabilities for the charity's own contractual obligations

CHARITY COMMISSION POSITION

The Charity Commission permits charities to pay for trustee indemnity insurance from charity funds, but the trustees must:

- Have explicit power in the governing document, OR rely on the general statutory power under the Charities Act 2011 s. 189
- Be satisfied that the insurance is in the charity's interests (the standard "best interests" trustee duty)
- Not arrange cover that would indemnify trustees for criminal acts, fines, or breaches deliberately committed knowing they were against the charity's interests

For most charities, the s.189 statutory power covers the standard trustee indemnity insurance arrangement. Specific exclusions on what cover charity funds can pay for are detailed in the Act.

COST AND TYPICAL STRUCTURE

For a small UK charity (income under £1m, low-complexity activities, no regulated investment):

- £1m – £2m typical limit
- £300 – £800 annual premium

For a medium charity (£1m – £10m income, employees, premises, programmes):

- £2m – £5m typical limit
- £600 – £2,000 annual premium

For larger charities or those with regulated activities (e.g. care, education, social housing):

- £5m – £10m+ typical limit
- £2,000 – £8,000+ premium

WHAT CHARITIES SHOULD ALSO CARRY ALONGSIDE TII

- **Employer's liability** — statutory if employees
- **Public liability** — for premises, events, beneficiary contact
- **Professional indemnity** — if the charity provides professional services or advice
- **Cyber liability** — for any charity holding beneficiary or donor data
- **Property cover** — premises and contents
- **Safeguarding-specific cover** — particularly if working with children or vulnerable adults

Many charity policies bundle TII with other essential covers in a "charity combined" wording. The bundled approach simplifies administration and often costs less than buying each cover separately.

THE TII VS D&O QUESTION FOR CHARITIES

For incorporated charities (CIOs and charitable companies), trustees ARE directors. They may be covered under D&O or under TII. The distinction:

- TII is specifically designed for the charity context — trust law duties, Charity Commission interaction, charitable purposes test
- D&O is designed for commercial directors — more focused on shareholder claims and securities
- For a CIO or charitable company, a TII-flavoured wording is usually the better fit even if labelled D&O

WHAT TRUSTEES SHOULD ASK THE BROKER

1. Does the cover extend to ALL named trustees, including any appointed after the policy started?
2. Does it cover historic trustees for claims arising during their term?
3. Is there a "retired trustees" extension after a trustee steps down?
4. What is the position on Charity Commission investigation costs?
5. Are safeguarding allegations covered (separate from any liability outcome)?
6. Is the cover charity-funded permissible under the governing document?

ABOUT APEX INSURANCE BROKERS

Apex Insurance Brokers Limited arranges trustee indemnity and charity combined insurance for UK charities. FCA firm reference number 724952. We discuss the s.189 position with the trustees, ensure the wording aligns with the governing document, and place cover with insurers who write the charity category specifically.

