

*These notes refer to the Charities Act 2006 (c.50)
which received Royal Assent on 8 November 2006*

CHARITIES ACT 2006

EXPLANATORY NOTES

THE ACT

Commentary on Sections

Section 39: Trustees' indemnity insurance

163. This section inserts new section 73F into the 1993 Act. It provides trustees with a statutory power to purchase trustee indemnity insurance and to pay the premiums with the charity's money, subject to certain limitations and conditions.
164. *Subsection (1)* provides the power for trustees to purchase indemnity insurance, subject to the limitations set out in *subsections (2) and (3)*. *Subsections (4) and (5)* provide (a) that trustees must satisfy themselves that it is in the charity's best interests to purchase trustee indemnity insurance under this section and (b) that, in so doing, they will be subject to the duty of care in section 1(1) of the Trustee Act 2000.
165. *Subsections (6) and (7)* provide a power for the Minister for the Cabinet Office to amend subsections (2) and (3) by order, subject to the affirmative resolution procedure.
166. *Subsection (8)* provides (a) that this section does not allow purchase of indemnity insurance where it is expressly prohibited by the charity's trusts, and (b) that this section has effect despite any provision in the charity's trusts prohibiting the trustees from receiving personal benefit from the charity's funds.