International Board of Directors
Legal Responsibilities

Duty of Care

The duty of care relates to the director's competence in performing his or her directorial functions. Directors must use the care a reasonably prudent person would exercise in a like position and under similar circumstances. In addition, directors must act in "good faith." At its most basic, the duty of care requires a director to participate in Board decisions, ask questions to gain information reasonably needed to make a decision and exercise independent judgment.

In discharging the duty of care, a director may delegate and rely on input from others, including, for example, IARP's officers, committees, staff and outside experts. A director may also give weight to the views of another director having special knowledge of an issue under consideration. In addition, a director may voice the concerns of his or her constituents. Each of these actions is consistent with directors' legal obligation to review all relevant facts regarding an issue. Ultimately, however, a director's duty is to the entire organization, not to any constituent group, and he or she must vote according to what he or she personally believes to be in IARP's best interests.

In general, if a director satisfies his or her duty of care – by acting in good faith, with independent and informed judgment, and in a manner reasonably believed to be in IARP's best interest – the director will be protected under the "Business Judgment Rule" from any liability arising from an action of the Board, even one later determined unwise or unsuccessful.

Duty of Loyalty

The duty of loyalty requires directors to place IARP's financial and operational interests over their own or those of other persons or organizations. For instance, the duty of loyalty would prevent a director from acting in a chapter's interest at the expense of IARP.

The duty of loyalty also requires directors to refrain from using their positions of trust, or information gained from participation on the Board, to further their individual financial interests. Typically, such potential conflict of interest concerns are addressed by disclosure. If, for example, a director has an interest in a transaction the Board is considering, whether related to an IARP program or a contract for goods or services, the director generally is required to disclose it before a decision is made and refrain from participating in the decision-making. Although it is not inherently illegal for directors to perform work for the corporation on whose board they serve, the terms under which such work is to be performed must be fair to the corporation.

Duty of Obedience

The duty of obedience requires directors, within the bounds of the law, to support the Board's decisions and abide by the organization's mission and purposes, as expressed in its articles of incorporation, bylaws, and policies. Vigorous debate around the Board table is expected and encouraged. Once a Board action is final, however, every director is obligated to support it. Moreover, a director should not speak for the Board or IARP unless he or she has specifically been authorized to do so.

Reviewed May 6, 2014