

Management Liability Information Brochure

You are Personally Liable!



What is Management Liability Insurance?

Management Liability Insurance protects you and the company against the risks and exposures of running the company (i.e. your liability for mismanagement).

Without adequate protection you could risk losing, not only your business, but also your personal assets. This insurance therefore protects you personally and therefore your wealth and lifestyle.

The legal costs to defend allegations of wrongful acts alone can be financially crippling for businesses and individuals.

Who can bring an action against a company, its directors, officers and employees?

- Regulators (e.g. ACCC, ASIC & the ATO)
- Employees
- Competitors
- Creditors
- Clients
- Liquidators/Administrators
- Shareholders (especially minority shareholders)

What does Management Liability Insurance Cover?

- Damages and claimant costs awarded against you
- Defence (i.e. legal) costs
- Investigation costs
- Civil fines & pecuniary penalties

Management Liability Insurance is a packaged product which will normally cover the following management liability risks:

■ Directors and Officers Liabilities

Will protect the past, present and future directors and officers plus anyone else involved in the management of a company for claims alleging a wrongful act and for which the company does not grant indemnification to such person. Employees can also be covered.

Claims Examples

- Unfair competition
- Fraud/Breach of fiduciary Duty
- Misappropriation of Trade Secrets
- Insolvent Trading
- Manslaughter

■ Employment Practices Liabilities

Provides cover to the company, directors, officers and employees for claims made by current, past and prospective employees for issues arising from employment practices, including harassment, unfair dismissal and other employment issues.

Claims Examples

- Bullying/Harassment
- Unfair Dismissal
- Discrimination

■ **Statutory Liabilities**

Covers certain individuals and the company for fines and penalties from operating the business including fines related to workers compensation and occupational health & safety.

Claims Examples

- Occupational Health and Safety Penalties
- EPA and Pecuniary Penalties
- Other Pecuniary Penalties (Civil Penalties)

■ **Crime Cover**

A comprehensive crime section provides cover to the company for loss arising from dishonest acts such as theft and fraud by employees including theft of stock.

Claims Examples

- Theft by Employee
- Theft of Inventory
- Theft by Contractor/Consultant

■ **Corporate entity Liabilities**

Extremely relevant for companies that are owned by the directors by providing cover to the company for actions arising from managerial matters. A claim against the company will cause the same financial hardship to the owner; therefore this cover is extended to provide protection to the company.

Many of the same claims against the directors and officers will, typically, be brought first against the company.

Claims Examples

- Wrongful Act/Fraud
- Shareholder Dispute
- Shareholder Employment

■ **Legal Representation Costs**

Legal representation costs that are incurred by directors/officers and the company for attendance at official investigations or inquires are covered.

Claims Examples

- ASIC Enquiry

■ **Other Covers – Tax Investigation/Public Relations/Crisis Containment**

Additional management exposure's can also be insured against under management liability insurance, to reimburse the company for certain costs incurred during a tax investigation by the ATO or to engage professional assistance in a crisis.

Claims Examples

- Taxation Investigation
- Public Relations
- Crisis Containment