

Management Liability

An essential part of your risk management toolkit

Protection for your company and you as a business owner and director

When considering insurance for your business, most people naturally consider the tangible assets of the company. However, as a business owner or director making operational decisions day in, day out, what protection is in place to cover you as an individual in running the business? Whilst operating a business, there is a vast array of operating exposures, which if not adequately covered, could have severe financial implications for your business, and you as an individual [the Director of the company].

Critical data to consider

What business owners, directors and officers should consider before discounting the need for Management Liability cover



280

Unfair dismissal lodgements every week on average, in Australia¹



700

Director binding, Commonwealth, State & Territory Laws imposing personal liability²



52%

of Australian organisations experienced economic crime between 2014-2016 (more than 100 incidents)³



Up to \$3 million

in fines could be faced by your company under work health and safety laws⁴



Up to \$600,000

in personal fines could be faced under work health and safety laws⁴



\$650,000

Recent cost to defend an employment issue

DID YOU KNOW?

Your company is prohibited from indemnifying you for certain Personal Fines & Penalties

Management liability insurance can help*

While not always considered, Management Liability Insurance can prove a vital component in any business owners' risk management toolkit and will normally cover the following risks:



Directors & Officers Liability

Provides protection for Directors & executive management of a business where you can be personally liable for any actual, or alleged mismanagement of the company whilst performing your duties within the business.



Statutory Liability Insurance

Offers protection to both you and the company for fines and/or pecuniary penalties imposed by a regulator, for which you are liable to pay (where indemnifiable by Law) for unintentional breaches of certain Statutes.



Employment Practices Liability

Protecting you as an employer and the business against actual, or alleged claims brought on by your employees involving wrongful dismissal, bullying, harassment and other employment related incidents.



Crime risk

Protection for your business against incurring direct financial loss, resulting from acts of fraud or dishonesty committed by any employee/s &/or including third parties.



Tax Audit Cover

When your business receives an unexpected tax audit, you need protection against the cost of responding

¹FWC Annual Report 2016-17, ²Minter Ellison, Protecting your Position, ³PWC Global Economic Crime Survey 2016, ⁴Worksafe QLD

Real claims examples

Claims in this space can be sizeable, below we highlight few examples of how businesses and their owners have been affected.

EMPLOYMENT PRACTICES LIABILITY

Sexual Harassment

Allegation that a senior manager sexually harassed a manager resulted in a claim for \$1.3 Million.

\$650,000 settlement

STATUTORY LIABILITY

Work Health and Safety

WorkSafe prosecution after an employee was severely injured when he was struck by a truck vehicle and pinned between the truck vehicle and a tow motor.

Insurer paid \$264,000 in defence costs

CRIME

Theft of Money

An employee manipulated the accounts payable system to create non-existent customers and generated purchase orders and invoices to transfer money to the fake accounts, by accessing other employee authorisation details.

Losses of \$2.5million

A branch manager created false loan applicant accounts and transferred the loan amounts to these accounts. The employee also used a number of loans to demonstrate repayments being made to conceal the theft, increasing the losses.

Losses over \$5million

DIRECTORS & OFFICERS LIABILITY

Misleading and Deceptive Conduct

A firm was sued for misleading and deceptive conduct by a competing restaurant for advertising that the restaurant employed a celebrity chef. This particular chef was employed by the rival restaurant.

Losses of \$295,000

The client terminated the employment of its CEO, who made an Adverse Action claim in the Fair Work Commission naming the entity but also directors. He also asserted claims against the directors alleging misleading or deceptive conduct in relation to representations made prior to him accepting the role of CEO.

Insurer settled for \$350,000

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