



# Management Liability Insurance

Professional and financial risk solutions for  
small to medium sized private companies

# Management Liability Insurance

## Why directors and officers need expert help

These days it's not just directors of large public companies who are exposed to personal liability for breaches of the duties they owe. Directors and officers of private companies are also at risk. A simple act, error or omission can be enough to spark a claim against you or your company.

You can be exposed to:

- ▼ the cost of defending a claim, and any damages and costs awarded against you. These can be based upon an allegation of you breaching your duty as a director or officer,
- ▼ the cost of preparing for and being represented at an inquiry that you are required to attend because you serve as a director or officer,

- ▼ pecuniary penalties that arise from you being a director or officer,
- ▼ a claim against you arising from an employment related complaint,
- ▼ liability whilst serving as an outside director,
- ▼ liability whilst acting as a trustee of a corporate superannuation fund.

## The exposures faced by your company

The assets of the company may also be exposed to:

- ▼ the cost of defending a claim, and any damages and costs awarded as a result of a wrongful act,
- ▼ theft or fraud by employees,
- ▼ the cost of investigating theft or fraud by employees,
- ▼ pecuniary penalties imposed on the company.

## Types of claims you or your company could face:

- ▼ breach of directors' or officers' duties,
- ▼ breach of fiduciary duty,
- ▼ defamation,
- ▼ breach of the Trade Practices Act, and other statutes,
- ▼ occupational health and safety proceedings,
- ▼ infringement of intellectual property rights\*,
- ▼ breach of confidentiality\*,
- ▼ allegations of illegal or improper conduct.

\*cover for these claims under the policy extends to insured persons only.

## Claims case study – when it pays to be covered

### Unlawful Dismissal

The claimant, a teacher had experienced multiple disagreements with another member of staff. The claimant felt bullied by the staff member and started to develop physical symptoms such as panic attacks and sleep deprivation.

The claimant was certified as unfit to return to work at the high school. The insured felt it was left with no option but to terminate the claimant's employment as an operational requirement.

The teacher claimed that the termination of employment was harsh, unjust and unreasonable and wanted reinstatement to the school and an amount in remuneration for the income lost due to the termination.

A conciliation conference was attended by Vero and the Insured. A settlement of \$17,500 was reached and the claimant's employment was not reinstated. Legal costs of \$22,000 were also incurred by the insured and paid under the policy.

### Here's where Vero Profin can help

Because we're specialists in management liability insurance, we understand the exposures you face. Designed for small and medium sized private companies, our package policy covers directors and officers liability and offers protection to your company against liability for wrongful acts.

To reduce your exposure ask for Vero's Management Liability Insurance.

### Features of our policy

Our combined features make this an innovative Management Liability Insurance policy.

#### Broad cover - we provide cover for the following -

- ▼ Directors and Officers Liability,
- ▼ Company Reimbursement,
- ▼ Company Liability,
- ▼ Employment Practice Liability,
- ▼ Trustee Liability,
- ▼ Fidelity,
- ▼ Business Crisis Consultant Fees.

### Two hours of legal advice

We will pay for up to two hours of legal advice from our nominated legal firm on matters related to the risks insured (but not including advice about the scope of cover under the policy, or claims or complaints about us).

### More cover for the company

We cover the wrongful acts of the company, not just the wrongful acts of its directors, officers and employees.

We cover pecuniary penalties of the company, to the extent permitted by law (note that this is an optional cover for additional premium).

We cover defence of the company at pollution and occupational health and safety proceedings.

### The policy excess favours the insured

The excess does not apply to cover for insured persons.

Only one excess applies to related claims.

### Extra limit protection for non-executive directors

Non-executive directors can have access to additional cover in the event that the policy limit is exhausted.

### Advancement of defence costs and representation expenses

The policy advances defence costs and representation expenses pending determination of whether cover is available under the policy. Advancement operates even if there is an allegation of dishonesty.

Note that if it is subsequently determined that cover is not available under the policy, the advanced defence costs and representation expenses must be repaid.

### Fraud investigator expenses

We provide up to \$25,000 of cover for the cost of investigating, proving and substantiating the amount of a fidelity loss (but excluding costs and expenses incurred in the normal course of business).

### Acquisition or creation of new subsidiaries

If the company acquires or creates a new subsidiary up to the same amount of total assets as the company, then the policy covers the new subsidiary from that time.

### Claims case study – when it pays to be covered

#### He said, she said

An employee of a medium-sized IT company claimed that she was subjected to sexual harassment by fellow employees.

She sought an apology from the employees who committed the alleged harassment as well as compensation for loss of earning capacity and reputation, emotional distress, depression, medical expenses and legal costs.

The parties were unable to settle the matter and a formal complaint was lodged with the Victorian Equal Opportunity and Human Rights Commission (VEOHRC).

The VEOHRC rejected the claim as the alleged incident occurred more than 12 months prior to the complaint being lodged and also determined that there was insufficient information to support the sexual harassment claim.

The insured and the claimant were able to reach an agreement at conciliation and the employee was awarded \$28,000 in damages, which was paid by Vero under the policy.

### Claims case study – when it pays to be covered

#### Missing Money?

The insured company discovered a discrepancy in their finances. Investigations were completed by external auditors and it was found that the insured's chief financial officer was involved in the misappropriation of the funds.

The Insured was able to claim from Vero under the Fidelity Insuring Clause for its' full Fidelity sublimit of \$50,000.

## Vero Profin

Vero Profin's experience and expertise gives us a greater understanding of the risks you face – allowing us to deliver superior risk solutions and reliable and professional service. Vero Profin's team of underwriters work with brokers to design insurance packages to meet your needs. Our capability and expertise allows us to specialise in professional, managerial and financial risk insurance products including:

- ▼ professional indemnity insurance,
- ▼ medical malpractice insurance,
- ▼ directors' and officers' liability insurance,
- ▼ employment practice liability insurance,
- ▼ superannuation fund trustees liability insurance,
- ▼ association liability insurance, and
- ▼ management liability insurance.

## Claims service

Should you need to make a claim, you can expect fast and easy lodgement with the support of our dedicated Vero Profin claims team. We work with policyholders and brokers in seeking fair and timely claims resolutions and take pride in a common-sense approach to claims management.

## How can I find out more?

To find out more about Vero Profin products, contact your broker or visit [www.vero.com.au](http://www.vero.com.au)

## How to contact Vero Profin

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Note: This brochure provides information about some of the main features and benefits of the Vero Management Liability Insurance Policy reference V6705 11-07. It provides a summary of cover only and does not constitute advice in relation to the policy. You should still refer to the policy wording to identify the full terms, conditions and limitations on cover. The policy wording can be accessed on our website [www.vero.com.au](http://www.vero.com.au). The cover offered to you may vary from that described. This brochure is current as at 1 January 2010, but is subject to change if the policy changes.