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Management Liability Insurance

What is Management Liability insurance?

Management Liability Insurance is a form of Directors & Officers Liability Insurance.

Traditionally directors' & officers' policies have been written only to protect the personal interests and assets of individual directors and officers. A Management Liability Insurance Policy has been designed for private companies and their directors and officers.

Private companies and their directors continue to face greater corporate governance and increasing regulatory surveillance of the management of their business activities.

A Management Liability Insurance Policy is intended to provide protection not only for the assets of the individual directors and officers but cover is also extended to the company for defined exposures. This is done by firstly broadening Professional Risks traditional D&O coverage and then incorporating it with a number of other insurance covers under the one policy.

Features of a Management Liability Insurance Policy typically include:

- Directors and Officers Liability
- Company Reimbursement
- Company Liability
- Employment Practice Liability
- Trustee Liability
- Fidelity
- Business Crisis Consultant Fees
- A set number of hours of legal advice

What is Management Liability insurance?

Management Liability protects the individuals and the company in relation to the exposures associated with managing a company. The key elements to the cover are as follows:

Directors and Officers: covers the Directors and Officers (including where the company can reimburse the directors) for any claim alleging a Wrongful Act (negligence, breach of duty, misrepresentations) by a Director or Officer.

Company Cover: covers the Company where there is a claim against the entity alleging wrongful acts

Employment: covers the Company for claims alleging an employment breaches including wrongful dismissal, discrimination, harassment, deprivation of career opportunity, breach of contract etc

Trustee: for trustees of staff superannuation fund

Crime: covers the company for theft by its employees

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

What are Management Exposures?

A company and its directors face both personal and corporate liabilities from numerous stakeholders including the following:

- Shareholders
- Employees
- Competitors
- Creditors
- Regulators
- Customers
- Liquidators / Administrators

When a breach of company law or regulation is alleged, the focus is on your conduct as a manager and as a company. You may think a claim is completely baseless or without merit, but it will still cost time and money to defend successfully.