

It could happen to you: Common Management Liability claims



Management Liability insurance can help protect your business and its directors against claims arising from alleged wrongful acts.

Below are some possible claim examples.

Crime: Employee theft

Your employee processes all company invoices and has access to the supplier creation system.

This employee notices that when invoices are presented for approval, the financial controller only checks the largest payment in detail – and signs the others with minimal examination.

Your employee creates a false supplier and makes multiple small payments to this false account over several months, costing your company thousands of dollars.



D&O: Breach of regulations

Your company has consistently failed to comply with fire regulations.

As your directors are legally responsible for the premises, local authorities are holding them personally liable for the fire safety offences – and are prosecuting them.

Your directors claim that the required work to their premises is unnecessary. Even so, defence costs for such cases can go up to five figures, before an acceptable solution can be reached.



D&O: Public inquiry

A public inquiry has been launched against your business. The directors are concerned that their reputation and personal liability are at risk.

You need funds to engage solicitors and produce relevant documents for defence. The directors will also need to be prepared and guided for media interviews, as well as for investigation meetings and questionings – all of which will incur costs.



Employee Practices Liability: Unfair dismissal

A former employee alleges that he was dismissed from a construction job because he refused to join a union.

Your company refutes this claim, saying that the employee's services were no longer required as the project was nearly complete. The case is brought to the Federal Court, incurring more than \$250,000 in legal costs.



Employee Practices Liability: Harassment and discrimination

A female employee complains that her manager constantly bullied and insulted her in front of colleagues with offensive and rude remarks.

She alleges that she was also passed over for a promotion because she was pregnant. She sues the company for \$120,000.

The matter proceeds to mediation, and the case is settled for a five-figure sum to be paid to the employee.



To learn more about how Management Liability insurance can protect your business or to obtain a quote, speak to your Marsh adviser or [request a callback](#) from our team.

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