



Management Liability Risk Decoder



What is your tolerance for risk? What risks are your company and its managers potentially exposed to? What risk mitigation, management or transfer solutions do you need to protect your company's balance sheet, reputation and staff?

This simple checklist will guide you through several questions which will highlight some areas where your company and its managers might be vulnerable and also show you which coverage sections under Delta's Management Liability Package solution can help protect your company and its managers.

DIRECTORS AND OFFICERS LIABILITY AND CORPORATE LEGAL LIABILITY

- Could one of your company's former, current or future shareholders be dissatisfied with the company's performance or management decisions? Yes No
- Has one of your staff or a visitor to the company suffered a significant injury whilst on your company's premises? Yes No
- Is your company considering selling the business over the next five years? Yes No
- Do your company's managers or employees have occasional disagreements with customers, suppliers, creditors, competitors or regulators? Yes No

EMPLOYMENT PRACTICES LIABILITY

- Have any of your managers hired or fired an employee? Yes No
- Have you ever received any complaints from customers or suppliers about an employee's behavior towards them at a company event? Yes No
- Are you considering downsizing your business or closing any offices over the next five years? Yes No
- Are any employment decisions made without consulting a human resources professional? Yes No
- Do your employees post comments about other employees, customers or suppliers on any social networking internet sites? Yes No

STATUTORY LIABILITY

- Is your company subject to any specific Acts of Parliament that have civil penalty provisions if your company breaches those laws? Yes No
- Does your company need to have manuals, systems or written procedures to comply with legislation that is specific to your company's occupation? Yes No

COMMERCIAL CRIME

- Do any of your employees have direct access to your company's property or funds? Yes No
- Is only one employee responsible for adding new employees to the payroll and authorising the monthly payroll? Yes No
- Do your employees receive emails or calls from suppliers requesting changes to the suppliers' bank account details? Yes No
- Can the public access your company's premises? Yes No

COMMERCIAL LEGAL EXPENSES

- Do you have customers who don't pay their invoices within required credit terms? Yes No
- Does your company own property that it leases to third parties? Yes No
- Have your managers had any disputes with your landlord at premises that your lease? Yes No

If you answer Yes to any of these questions then your company and your managers may be exposed to risk and possible loss. If you have any questions or want more information on how to insure your company for these risks then contact your broker.

CLAIMS EXAMPLES

Employment Practices Liability

An employee discovers emails containing derogatory comments about him. He complains to HR who start a disciplinary process. The sender of the emails apologises, agrees he violated the company's code of conduct and after a disciplinary process, is dismissed. He then brings a personal grievance claim against the company for unfair dismissal. The claim goes to mediation where he receives a \$10,000 settlement. The company's Employment Practices Liability policy paid for the settlement, together with \$10,000 in defence costs.



Legal Expenses – Property Dispute as a landlord

The insured owned a terrace of shophouses which it let to various tenants. One tenant used their unit as a show room and office. At the end of the lease, the tenant did not renew the lease and left for alternative premises. The terms of the lease required the property to be put back in the same condition as at the date the tenancy commenced. The tenant merely left, leaving the unit unfit for any other tenant. The insured sued for the dilapidations. The matter was eventually resolved at a Court hearing, but not before the insured had incurred \$27,000 of legal costs which were covered by the Legal Expenses Insurance.



Crime

A consulting company receives an outstanding invoice which they think has already been paid. An audit uncovers that their former accountant had forged supplier payment information over a two-year period. While employed by the company, the accountant had set up payment accounts for legitimate suppliers but changed the bank account details to their own. Unknowingly, the company had paid these accounts over a two-year period. The fake accounts were only discovered after the accountant had left the company and the outstanding invoice surfaced. The audit revealed that multiple supplier accounts had the same false bank account number. The total loss was calculated to be \$100k which was claimed under the company's Crime policy.



Directors and Officers / Corporate Legal Liability

A company goes through a private capital raising exercise. The company gets into financial strife and produces a number of poor results. It is alleged by one of the shareholders that the directors misrepresented the nature of the company's financial state and that they suffered a financial loss because they were misled. They make a claim against the directors and the company for breaches of securities law obligations.



ABOUT US

Delta Insurance launched in June 2014 and is a leading locally owned and operated specialised underwriting agency, designed to provide a comprehensive range of liability insurance products. We are an approved Coverholder of Lloyd's of London and employ over 50 staff providing insurance services across ten countries in the Asia Pacific Region.

LOOKING FOR MORE INFORMATION

This document is a summary of cover only and is subject to meeting certain underwriting criteria and acceptance, specific terms, conditions, and exclusions which are specified in the Policy. For more information regarding this product please consult an Insurance Broker or Agent.