



## Fact sheet

# Management Liability Insurance

### Management Liability insurance explained

Management Liability insurance is designed to provide protection to both the business and its directors or officers for claims of wrongful acts in the management of the business.

### The low-down

No business is immune to allegations of mismanagement, misconduct or legislative breaches – no matter how hard you work to keep things running smoothly.

With increased regulations and greater accountability for directors, officers and senior managers, it's important to protect both your company and its leaders from potential personal liability.

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## Do I really need it?

Regardless of how much care you take, the reality is that claims relating to allegations of mismanagement and legislative breaches do happen.

Given the increasingly litigious environment, Management Liability is a form of cover that many companies consider. Defence costs, including legal fees, can notably increase the cost of a claim if one is brought against you.

Management Liability is one way to help safeguard your business and your management staff.

## Did you know?

In the 2023-24 financial year, a total of 40,190 lodgements were made to the Fair Work Commission. 37% of these were related to unfair dismissal.

(fwc.gov.au, Commission Annual Report 2024.)

In 2024, the Fair Work Ombudsman secured the largest penalties ever, with the regulator's litigations leading to \$21.2 million in court-ordered penalties.

(fairwork.gov.au, Australian workers backpaid \$473 million)



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## Tailor your Management Liability policy

Typically, there are seven key areas of cover available that allow you to tailor your Management Liability cover:

- Directors and Officers Liability protects directors and officers from claims of actual or alleged wrongful acts in their role.
- Corporate Liability protects your company against claims of alleged or actual wrongful acts by it (as opposed to claims being made against the directors or officers).
- Employment Practices Liability covers employment-related claims against you, such as wrongful dismissal, bullying, harassment or discrimination.
- Statutory Liability covers the company, senior management and employees for allegations of wrongful breaches of key legislation in the course of the Insured's business.
- Tax Audit covers accountant's costs incurred in responding to an audit or investigation by the ATO.
- Crime Protection covers the company for direct financial loss caused by a dishonest or fraudulent act committed by employees or third parties.
- Superannuation Trustees Liability offers cover for liability arising from any actual or alleged act, error or omission with respect to a superannuation plan; or arising solely because of any person's status as a Superannuation Trustee.



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## What is typically covered?

|   |                                                                                                          |
|---|----------------------------------------------------------------------------------------------------------|
| ✓ | Claims by employees for compensation for wrongful dismissal, bullying, harassment, etc.                  |
| ✓ | Loss due to fraudulent acts by employees or third parties.                                               |
| ✓ | Claims investigation costs where inquiries or official investigation are conducted by a regulatory body. |
| ✓ | Damages and claimant costs awarded against your company or its directors and officers.                   |
| ✓ | Claims investigation costs where inquiries or official investigation are conducted by a regulatory body. |

## What is typically not covered?

|   |                                                                                        |   |                                                                                          |
|---|----------------------------------------------------------------------------------------|---|------------------------------------------------------------------------------------------|
| ✗ | Accidental injury and property damage to third parties.                                | ✗ | Pre-policy known claims and circumstances.                                               |
| ✗ | Breaches of professional duty in relation to professional services or advice provided. | ✗ | Superannuation or wage liabilities.                                                      |
| ✗ | Intentional acts by an insured.                                                        | ✗ | Claims arising from insolvency, liquidation, bankruptcy, receivership or administration. |
| ✗ | Intentional or accidental discharge, dispersal, release or escape of pollutants.       |   |                                                                                          |

Always read the Policy Wording to understand the terms and conditions of Management Liability insurance cover, including any applicable exclusions.

## Claim Case Study\*

### Could this happen to your business?

The insured, a real estate agent, was issued an infringement notice by a government department. The government alleged the agent had breached section 15(3) Building Energy Efficiency Disclosure Act 2010.

The breach in question occurred when the real estate failed to include a valid energy efficient rating when advertising a building for rent. However, the Statutory Liability section of their Management Liability policy was triggered, and the real estate agent obtained an indemnity for the penalty of \$42,500.



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