

I N S U R A N C E

Understanding Professional Indemnity & Management Liability Insurance

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NPCAA – Members’ Meeting at The Stamford Grand, Glenelg

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Professional Indemnity Insurance

1. Do you (or your employees) offer advice?
2. Do you (or your employees) make recommendations?
3. Do you (or your employees) Supervise or Project Manage?
4. Do you enter into Contracts requiring Professional Indemnity insurance?

Professional Indemnity Insurance

What does a Professional Indemnity Insurance policy cover:

- Breach of duty (should include duty of confidentiality)
- Unintentional defamation
- Loss of or damage to documents
- Dishonest/fraudulent/criminal or malicious acts and breach of fiduciary duty (innocent party cover)
- Misleading and deceptive conduct under the ASIC Act 2001
- Breaches of the Trade Practices Act / Fair Trading Acts (Australian and New Zealand)
- Legal defence costs – no matter how baseless the allegation

Professional Indemnity Insurance

Why does a Professional need Professional Indemnity Insurance?

- A professional will hold himself or herself out as having a unique skill, which can be relied upon by another.
- The law requires that the Professional exercises the required skill to an appropriate level expected by that profession.
- Professionals are human and mistakes do happen.

Professional Indemnity Insurance

Why does a Professional need Professional Indemnity Insurance?

- A financial loss, injury or damage arising from a mistake or failure by the Professional to exercise the required level of skill may mean that an award is made in favour of a person who suffered the loss, damage or injury.
- A Professional may also be held liable for negligence, even though it is argued that there is no negligence.

Professional Indemnity Insurance

- What is 'Claims Made & Notified' policy? How will it differ from an 'Occurrence' policy?
- What is the date of inception?
- What is the retroactive date?
- When does a wrongful act take place?
- What does a civil liability / Professional Indemnity wording cover?
- What does 'Costs Inclusive' Excess and 'Costs Exclusive' Excess mean?

Professional Indemnity Insurance

- What is run-off cover? How many years should I take out run-off cover for?
- What is continuous cover? When is it offered?
- What is a reinstatement?
- What is a 'known circumstance'?
- What is the difference between Jurisdiction and Territorial Limits?

Management Liability Insurance

Key Benefits:

Management Liability Insurance can deliver a range of benefits to your organisation:

- Official Investigations and Enquiries for senior management and the Company
- OH&S Defence costs for senior management and the Company
- Statutory Liability (fines and penalties) for senior management and the Company
- Automatic Reinstatement for Insured Persons
- Identity theft for Insured Persons

Management Liability Insurance

Key Benefits:

Management Liability Insurance can deliver a range of benefits to your organisation:

- Tax audit costs for the Company
- Copyright Defence costs for the Company
- First and Third Party crime cover including investigation fees
- Third Party discrimination and sexual harassment

Management Liability Insurance

Who needs Management Liability Insurance?

You should have a Management Liability Insurance policy if your company:

- Employs staff
- Has a director(s)
- Has shareholders
- Manages money on behalf of a third party

A Management Liability Insurance policy is cost-effective.

Tailor-made solutions for both private and publicly-listed companies.

Management Liability Insurance

What will Management Liability Insurance cover?

A Management Liability policy can cover you and your company in some of the following instances:

Directors and Senior Management:

- Investigated and/or prosecuted by a regulatory authority (Eg. WorkCover)
- Sued for unintentional breach of confidentiality, copyright or design rights
- Sued for misleading or deceptive conduct

Management Liability Insurance

What will Management Liability Insurance cover?

The Company:

- Investigated and/or prosecuted by a regulatory authority
- Sued for unintentional breaches of the Corporations Act or breaches of duties
- Sued for unintentional breaches of Employment Practices Legislation
- Suffering a direct financial loss (crime) caused by employees and/or a Third Party
- Requiring tax audit costs for the company

Some policies can be extended to offer an element of cover for Cyber Crime, a concerning exposure for *all* Australian companies.

Management Liability Insurance

31 March 2015

The Age

**Widow sues building firm after
workers' compo denied**

Management Liability Insurance

22 May 2015

The Age

**Owner of sign installation business
found guilty over role in brick wall
collapse that killed three people**