

Management liability, what is it and why should shop owners worry about it?

As the country becomes increasingly litigious and government rules and regulations increase, the need to protect the business and its directors from the costs of being sued has not been greater.

Management liability is specifically designed for private and proprietary limited companies and those where the directors have a significant shareholding in the company. If you have heard of Director's & Officer's insurance, it is an enhanced version of this with additional cover for the company itself. Essentially, it means the assets of the business, as well as the personal assets of the Directors, have some added protection.

Management liability insurance covers claims against the Directors and Officers such as:

- Wrongful dismissal or harassment
- Alleged breaches of a directors fiduciary duties or Workcover investigations
- Defamation or anti-competitive behaviour
- From a liquidator on behalf of the company alleging insolvent trading

It also protects private companies from claims such as Employment practices liability, direct financial loss and representation costs in respect of an OHS investigation.

Management liability insurance does not just pay any fines that may be incurred, but will pay for costs associated with attending inquiries relating to the corporation, legal costs and expenses or compensation to dispose of a Director's & Officer's claim.

With backing from NRA, shopinsurance.com.au insurance is designed to be easily extended to include management liability.

Once upon a time..... a privately owned clothing store was sued by one of its employees for sexual harassment. The case was complex and incurred a significant amount of legal costs in defending the claim. While the allegation itself proved to be baseless, the costs incurred left a big hole in the company budgets. The store owner had taken out a management liability policy and so all of these costs were reimbursed and the shop was able to carry on trading normally.

Having a management liability policy takes the financial headaches away from situations which always represent personally challenging and difficult times for company Directors – particularly if they own a small business where their whole livelihood can be threatened. If you would like to get a fuller understanding then contact the friendly team at shopinsurance.com.au.

shopinsurance.com.au is the only insurance provider endorsed by the NRA. Shop owners can get quotes and buy direct on-line or call 1300 123 300 to discuss specific requirements.