

MANAGEMENT LIABILITY INSURANCE

Management Liability Insurance is broken down into 3 sections:

- 1. Directors & Officers Liability – This is the core cover**
- 2. Corporate Legal Liability Cover**
- 3. Employment Practices Liability**

What does Directors' and Officers' insurance mean?

Directors' and officers' insurance (D&O) is the main cover offered under Management Liability Insurance. It provides any director, partner or employee acting in a managerial capacity on behalf of the company cover for defence costs incurred during a claim and awards made against you personally. For example, the costs associated with defending trading standards, environmental or other regulatory claims against you; claims by individual shareholders (including other directors); defence costs and awards of claims arising from your personal involvement with the administration of any company pension.

Individuals who have acted in good faith and complied with their responsibilities are generally protected from personal liability under the law. However, those that fail to meet their legal obligations can be held personally liable.

What is Corporate Legal Liability insurance? Corporate legal liability (CLL) insurance is similar to D&O insurance but defends claims made against the company as opposed to individuals. These claims range from maladministration of a company pension, an employee benefit claim, breach of data protection or corporate identity crime. And also, defence costs of health and safety, taxation, or other regulatory claims.

What is Employment Practice Liability? Employment Practice Liability (EPL) offers financial protection under management liability against defence costs and awards of claims arising, for example, from allegations of sexual harassment or wrongful dismissal by employees. Employee related disputes can be highly emotive. If internal procedures aren't correctly followed, you can leave yourself at risk to a successful employment tribunal claim, causing significant financial and resource disruption

Claims Examples

Employee Accident at Work Directors & Officers claim

The director of a small fireplace retail company was prosecuted following an employee injury. The employee suffered serious fractures and crushing injuries to his leg after a marble fireplace he was attempting to move fell on him. The court heard that the director hadn't provided training on how to move heavy items and that the proper equipment for the move had also not been provided. The director faced a fine and legal costs.

Unfair Dismissal Directors & Officers claim

A director of a medium sized company was named personally in the unfair dismissal of an employee from the company. The director was required to attend an Employment Tribunal and offer a defence to the charge. The director had to engage their own legal counsel and fund their own defence costs from personal monies and assets. The case against the director was dismissed. The legal costs remained.