



DentistPlus
Insurance Solutions



innovative **insurance** solutions for your dental practice

MANAGEMENT LIABILITY INSURANCE

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Because we're specialists in Healthcare and Dental environments, we understand the exposures you face. Designed for small and medium sized private companies, our **Dentist Plus Management Liability Policy** covers directors and officers liability and offers protection to your company against liability for wrongful acts.

More and more, Directors and Officers of private smaller companies are at risk and continue to face greater corporate governance with increasing regulatory surveillance of the management of their business activities. Dentistry is not immune to this trend.

It is not just Directors of large public companies who are exposed to personal liability for breaches of the duties they owe.

A simple act, error or omission can be enough to spark a claim against you or your company. Traditionally Directors' & Officers' policies have been written only to protect the personal interests and assets of individual directors and officers however the **Dentist Plus Management Liability Policy** offers a much broader cover and is ideal for small to medium sized private companies.

Without suitable protection you could risk losing your business or personal assets.

What is a Management Liability Policy cover?

A **Management Liability Policy** protects you and the company against the risks and exposures of running the company; i.e. your liability for the 'management of the company'.



What does a Management Liability Policy cover?

- Directors and Officers Liability,
- Company Reimbursement,

- Company Liability,
- Employment Practice Liability,
- Trustee Liability,
- Fidelity,
- Business Crisis Consultant Fees,
- 2 hours of Legal Advice,
- Company Pecuniary Penalties (*Optional*)

Who does a Management Liability Policy cover?

- The Company,
- Directors and Officers of the Company,
- Employees.

Who is a Director and who is an Officer?

A Director is a person who is elected or appointed to the Board of Directors and has the responsibility for determining company policy. It is quite common for a Director to be a shareholder or employee of the company, although it is not necessary for a Director to be either. Director's activities are regulated by ASIC under the *The Corporates Act 2001*.

An Officer is a partner in a partnership or a person who makes, or participates in, decision making that can substantially impact the organisation or financial standing of the entity. Examples might a CEO or Finance Officer or a Practice Manager.

What are the exposures for Directors and Officers?

Actions can be brought against a Company, Director, Office or Employees by:

- Regulators (e.g. ACCC, ASIC & the ATO)
- Creditors
- Employees
- Competitors
- Shareholders
- Clients
- Liquidators/Administrators

Examples of potential claims:

- The cost of defending a claim, and any damages and costs awarded against you. These can be based upon an allegation of you breaching your duty as a Director or Officer.

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- the cost of preparing for and being represented at an inquiry that you are required to attend because you serve as a director or officer
- Deceptive/false or misleading conduct by a Director, Officers or employees
- Allegations of improper or illegal conduct
- Statutory breach of a duty owed under legislation
- Statutory fines & penalties
- OH & S prosecutions and inquiries
- Employment practices including accusations of unfair or wrongful dismissal, discrimination, harassment & failure to employ or promote
- Defamation by directors/officers
- Breach of intellectual property rights
- Theft of money by an Employee (*optional cover*)

Policy Case Studies: when it pays to be covered

He said, she said

An employee of a medium-sized IT company claimed that she was subjected to sexual harassment by fellow employees.

She sought an apology from the employees who committed the alleged harassment as well as compensation for loss of earning capacity and reputation, emotional distress, depression, medical expenses and legal costs.

The parties were unable to settle the matter and a formal complaint was lodged with the Victorian Equal Opportunity and Human Rights Commission (VEOHRC).

The VEOHRC rejected the claim as the alleged incident occurred more than 12 months prior to the complaint being lodged and also determined that there was insufficient information to support the sexual harassment claim.

The insured and the claimant were able to reach an agreement at conciliation and the employee was awarded \$28,000 in damages, which was paid by the insurer under the policy.

Missing Money?

The insured company discovered a discrepancy in their finances. Investigations were completed by external auditors and it was found that the insured's chief financial officer was involved in the misappropriation of the funds

The Insured was able to claim under the Fidelity Insuring Clause on their management Liability Policy for its' full Fidelity sublimit of \$50,000.

Unlawful Dismissal

The claimant, an employee had experienced multiple disagreements with another member of staff. The claimant felt bullied by the staff member and started to develop physical symptoms such as panic attacks and sleep deprivation.

The claimant was certified as unfit to return to work at the practice. The insured felt it was left with no option but to terminate the claimant's employment as an operational requirement.

The employee claimed that the termination of employment was harsh, unjust and unreasonable and wanted reinstatement to the practice and an amount in remuneration for the income lost due to the termination.

A conciliation conference was attended by the Insurer and the Insured. A settlement of \$17,500 was reached and the claimant's employment was not reinstated. Legal costs of \$22,000 were also incurred by the insured and paid under their Management Liability policy.

Further Information

If you would like further information on the **Dentist Plus Management Liability Insurance Policy**, please call: **1800 177 163**. You can also email us at: admin@dentistplus.com.au



IMPORTANT INFORMATION:

This document is only designed to explain the basics of coverage & does not contain all the terms & conditions of the policy. For full details on coverage, excesses & exclusions, please read the **Product Disclosure Statement**.

For a copy of the **Product Disclosure Statement** please visit our website www.dentistplus.com.au

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DentistPlus
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