

Why buy Management Liability Insurance?

Who is at risk?

All businesses and charitable organisations can face claims being brought against them which could be covered by a Management Liability policy. But in many instances the claims will be brought against the directors or trustees personally – not for an error the organisation has made, but for how the director or trustee has run the organisation. So the risk is faced both by the entity and the management team in their private capacity.

Directors and trustees should always remember that a legal entity may have limited legal liability, but their own personal liability is unlimited. And in many instances the organisation itself will be precluded from paying for their legal defence.

2017/18 saw a 24% increase in Employment Tribunal Claims received compared to 2016/17.

What is covered?

There are various sections of cover included under a Management Liability policy, but the main sections will fund the legal defence costs arising from various different actions brought against either the organisation or the management team. The policy will

also pay any awards due from a wide range of actions. As long as a claim is not excluded from the policy (and the cover tends to be very broad) it will respond irrespective of whether any wrongful act has actually been committed, giving policyholders the peace of mind that the insurer will defend them from spurious and genuine claims.

Where might claims come from?

Legal actions can be brought by almost any organisation or individual which the business has dealings with – customers, suppliers, shareholders, employers and regulators. It's worth bearing in mind that the legal action need not have any merit for it to be brought against the company or its directors – the claimant simply needs to be prepared to cover the legal costs.

How much does the policy cost?

Premiums vary dependent on the size of the organisation, its financial health, any previous claims, and the limits of cover that are required, but premiums can be as low as a few hundred pounds.

Contact us on 0118 327 7234 or info@stillmanib.co.uk
to discuss your risks and to arrange a bespoke quotation