

# Two Essential Insurance Policies You Must Consider

## MANAGEMENT LIABILITY

Surprisingly, very few businesses have Management Liability protection in place. This 'must have' cover can step-in and financially protect your company and its directors when your business is impacted by an unexpected and unpleasant event.

Directors are now perceived as professional managers and as such are accountable for their actions. The increase in litigation against directors reflects a change in the attitude of the general public now calling for greater management accountability and hence the position of a director and responsible officer is becoming far more onerous.

Management Liability insurance will generally cover the following risks exposure:

- Employees - alleging unfair dismissal, discrimination, sexual harassment or mismanagement of super funds.

- Customers - alleging they have suffered financial loss following wrongful advice re the suitability of products.
- Competitors - alleging their business has been adversely affected by a restrictive trade-practice (e.g. price fixing).
- Regulators - for breaches in company legislation.
- Members of the public - failure to effect and maintain adequate control or services.

**Private companies, their directors and staff are increasingly exposed to greater corporate governance and regulatory scrutiny in the day-to-day running of their businesses. Without doubt, management liability insurance is not just important, it is crucial for business survival.**

## CYBER SECURITY

The World Wide Web has no boundaries and as business models evolve through the use of new technologies, so must traditional insurance programs and risk management practices.

Many businesses operate under the belief that their existing insurance policies are enough to cover their data security and privacy exposures. Unfortunately, this is not the case. In fact, many traditional insurance policies may be inadequate to respond to the exposures that companies face today.

Consider these traditional policies:

**General Liability** policies typically trigger in response to bodily injury and property damage claims. A cyber attack rarely, if ever, involves either bodily injury or property damage.

**Property/ISR** policies typically respond to destruction or damage to tangible property resulting from a physical peril. The tangible loss then permits the business interruption and extra expense cover to respond. Again, a cyber attack rarely, if ever, causes physical damage. Yet the attack can shut down a business resulting in massive expense and lost income.

### No company is immune to Cyber Risks!

Using the internet, email and any business network system exposes you to hacking, fraud, viruses and information misuse. Expensive lawsuits, lost business opportunities and damage to your network and reputation can cost you more than you think. The Australian Institute of Criminology (AIC) reports Australian businesses are feeling the pain of cybercrime. The estimated cost to businesses per annum is more than \$600million.

Even more concerning is that the report highlights these cyber attacks are not restricted to any industry or size of enterprise. All companies, large or small are targets for cyber criminals.

### Cyber Attack insurance. What can be covered?

Cyber cover can protect you for claims arising from your use of the internet, email, intranet, extranet or your website. Cover includes:

- Breach of privacy
- Damage to your network or website
- Transmission of a virus
- Third Party Liability
- Cyber Extortion



### Contact

Call Geoff Lapish on (03) 9557 2976 for a no-obligation Management Liability or Cyber Risk quotation or visit our website for more information about our services.

