



# ASSOCIATION LIABILITY INSURANCE

## Protect your Board of Directors and Management Team

### THE RISK

It is the key responsibility of a community organisation's Board of Directors or Management Team to steer the organisation to accomplish its mission, whilst fulfilling a legal duty to utilise the organisation's assets prudently.

These assets could include:

- People (e.g. board members, volunteers, employees, clients and the general public)
- Property (e.g. buildings, equipment, materials and facilities)
- Income (e.g. grants and contributions)
- Goodwill (e.g. the organisation's reputation and its ability to appeal to prospective volunteers and raise funds)

It is of course, also the Management Team or Board's responsibility to ensure these assets are protected. Yet community organisations run the risk of being sued for alleged transgressions such as:

- Incompetent supervision
- Ineffective administration
- Inaccurate or misleading reporting or disclosure of the organisations accounts
- Misuse of assets
- Discrimination and / or harassment
- Employee wrongful termination
- Employee theft

Minimising risk through carefully defined organisational and Board processes is the first line of defence. Your Board and senior managers however can still be held personally responsible for claims brought against them or the organisation.

Any alleged failure in carrying out their responsibilities could result in substantial legal costs to defend an action and a significant financial liability.



### EXAMPLE EXPOSURES

- A government entity alleges a breach of association governance, health & safety, food handling or other legislation
- A former staff member takes action against your organisation
- You have to employ the services of a public relations consultant due to a widely publicised issue experienced by your organisation
- An action is taken against a director for alleged conflict of interest and misuse of the Board position
- Your organisation experiences a tax audit

## THE SOLUTION

Association Liability Insurance is designed to protect a community organisation and its Directors and Officers against liabilities that arise out of the work of the organisation.

Any association, director, officer or manager who acts in a managerial capacity or gives advice on a product or service could be exposed to claims against them alleging a wrongful act.

Association liability provides cover for the legal expenses of defending claims and cover for the personal liabilities that may be incurred.

Some of the features of such insurance may be:

**Employment Practices Liability** - protecting you against claims and legal costs where an employee alleges that a director or manager has acted inappropriately with regard to their employment.

**Directors & Officers Liability** - protecting board members, management committee members and officers against legal costs and other losses when it is alleged that they have committed a wrongful act in the performance of their duties.

**Professional Liability** - protecting against claims where a third party has suffered a financial loss as a result of wrong advice or information or a breach of a duty of care.

**Fidelity (Fraud)** - protecting against loss as a result of the dishonest, fraudulent or malicious act of an employee, officer or board member.

**Statutory Fines and Penalties** - protecting you against fines and penalties which may arise as a result of a claim.

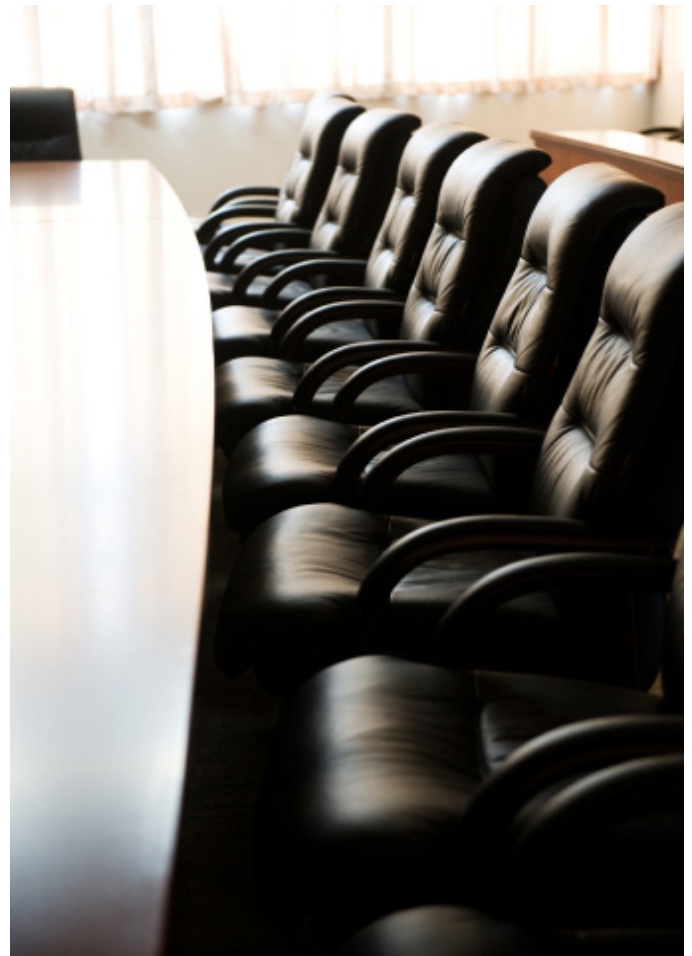
**Crisis Consultancy Costs** - providing for the reasonable costs of a crisis management consultant in the event of an unexpected crisis which could significantly impact on the organisation.

**Libel and Slander** - protecting you against claims made for libel and slander by reason of any words written or spoken in the course of your activities.

## THE IMPACT

When you contribute your energy and personal time to a community organisation, it is important to ensure you are not placing at risk your personal financial security, or that of the organisation. Association Liability offers financial peace of mind and helps to ensure your community organisation will be able to continue to operate long into the future, doing what it does best - helping the community.

**For more information on Association Liability insurance and other insurance covers tailored for your Not for Profit organisation contact your broker or the team at Community Underwriting.**



The information provided in this Not for Profit Resource is general in nature and needs to be considered against your organisations own risk profile and particular circumstances. For more specific advice you should contact your broker or Community Underwriting.

Community Underwriting are specialists in charity insurance, not for profit insurance and insurance for community organisations. We offer a range of insurance solutions customised to meet the needs of community organisations, including P&C Association insurances. Contact us today!

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