management liability INSURANCE explained

SOLE TRADERS & PARTNERSHIPS

What is mangement liability insurance?

In simple terms, Management Liability insurance protects business owners against the financial exposures that come from managing or running a business.

Who should consider it?

Almost 1/3 of Australian businesses are sole traders and partnerships. These types of business structures are somewhat less complicated than a Pty Ltd company or trust structure, but they can leave the business owners personal assets at risk. Both sole traders and partnerships can be held personally liability for the business debts, mismanagement or mistakes made while managing their business.

A sole trader or partnership management liability policy offers protection to the business owner/s for a wrongful decisions or mistakes while managing their businesses, ensuring that personal assets are protected should legal action or a regulatory investigation arise.

What risks can this type of policy cover?

Insurer's policies do vary but basically a management liability policy is made up of a number covers to protect the business and owner from the risks of operating their business. A good quality management liability policy should cover:

- employment practices liability,
- workplace heath & safety investigation defence costs,
- fidelity and theft risks,
- fines and penalties,
- directors and officer risks and in some cases,
- unintentional insolvent trading or intellectual property breaches.

This type of policy is often confused with Professional Indemnity or Public and Product Liability insurances. All are very different and cover different business risks.

- Management Liability policies cover the management activities of a company
- Professional indemnity covers the provision of advice and professional services of the company.
- Public and Product Liability is the risk to the public from your business products and activities.

What does this cover cost?

Every business is different, so the answer to this question is a little complicated, but it is probably less than you think.

The cost of a sole trader or partnership management liability policy will depend on your business size, employee numbers, how long the business has been trading, the industry or sector of the business activities, and any relevant claims history.

Getting a quote

Getting a quote is quick and easy. Call us for a chat on 0473 007 606. Typically, we only need a few details about you and your business to provide a quote.

This information is general in nature and should not be considered as personal advice, for a more tailored discussion about your circumstances please call us for a chat. ABN: 48 646 410 335 | Corp AR of UIG # 1285127

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