

Management Liability Claims Examples



Coverage Section	Scenario	Policy Response
Public & Products Liability Coverage Section	A Christchurch catering company is hired for a corporate event. An employee spills hot liquid on a guest's expensive equipment and camera gear, causing \$8,000 in property damage.	• Primary Cover: Insuring Clause 1.1 covers legal liability to pay compensation for property damage arising from an occurrence in connection with the business. • Defence Costs: Clause 1.2 (Additional Payments) covers all legal costs and expenses incurred with Agile's written consent to defend the claim, payable in addition to the Limit of Liability.
Statutory Liability Coverage Section	An Auckland manufacturing firm is prosecuted by WorkSafe New Zealand under the Health and Safety at Work Act 2015 after a worker suffers an injury on an unguarded machine. The court orders the business to pay \$75,000 in reparation to the victim.	• Order for Reparation: Insuring Clause 1.1 covers orders for reparation and statutory damages imposed by a New Zealand Court arising from a business-related event. • Defence Costs: Insuring Clause 1.2 (Additional Payments) covers the legal defence costs incurred during the WorkSafe prosecution. • Fines Exclusion Note: Under NZ law (Health and Safety at Work Act 2015), statutory fines cannot be indemnified by insurance; however, court-ordered reparations to victims and legal defence costs are covered under this section.
Commercial Crime Coverage Section	A finance administrator at a Dunedin distribution firm alters vendor bank details in the accounting software over an eight-month period, fraudulently diverting \$120,000 of company funds into an offshore account.	• Primary Cover: Insuring Clause 1.1(c) indemnifies the business for direct loss of money resulting from theft or forgery committed by an employee. • Loss Quantification Costs: Clause 1.2 covers reasonable professional accounting fees incurred by the business to audit and quantify the crime loss, up to the specified Sublimit of Liability

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Employers Liability Coverage Section	An employee at a Hamilton health care provider suffers severe, non-physical mental injury/nervous shock resulting from repeated exposure to difficult emotional circumstances through the course of their employment. Because the mental injury does not arise from a physical injury or a single, sudden traumatic event, it falls outside the cover of the Accident Compensation Act 2001 (ACC), and the employee sues the employer at common law for damages.	• Primary Cover: Insuring Clause 1.1 indemnifies the business for damages it becomes legally liable to pay for personal injury sustained by an employee in NZ where the employee is not covered under the Accident Compensation Act 2001. • Defence Costs: Clause 1.2 covers legal expenses to defend the common law action brought by the employee.
Consequential Loss Coverage Section	Following the WorkSafe prosecution mentioned in Section 2 (an accepted Statutory Liability claim), a prohibition order temporarily shuts down main operations for three weeks. This shutdown causes a significant drop in business revenue and gross profit.	• Primary Cover: Insuring Clause 1.1 covers consequential loss (loss of gross profit and reasonable increased costs of working) resulting directly from a "covered event" accepted under the Public/Products Liability, Statutory Liability, or Employers Liability sections. • Basis of Settlement: Under Special Conditions, settlement is calculated based on the lost business income during the indemnity period, subject to policy limits (maximum 90% of the limit of liability and 40% of the sum insured per 3-month period).
Directors & Officers Liability Coverage Section	A director of a Wellington tech startup is sued by a major creditor alleging reckless trading under the Companies Act 1993 prior to an insolvency event.	• Primary Cover (Side A): If the company does not indemnify the director, Insuring Clause 1.1(a) pays the loss (including defence costs and damages) directly on behalf of the director for any alleged wrongful act. • Deductible: No deductible applies to claims paid directly on behalf of individual insured persons under Clause 1.1(a). • Company Reimbursement (Side B): If the company indemnifies the director, Clause 1.1(b) reimburses the company, subject to the applicable deductible.

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Employment Practices Liability Coverage Section	A former employee files a personal grievance claim under the Employment Relations Act 2000 against a Tauranga business, alleging unjustified dismissal and workplace harassment following a corporate restructuring.	• Primary Cover: Insuring Clause 1.1 pays on behalf of the insured for loss (including legal defence costs, awards, and settlements) arising from an employment wrongful act or personal grievance, up to 75% of the amount in dispute up to the maximum of the limit of liability. • Legal Helpline Benefit: Under Insuring Clause 1.3, the insured can access up to 1 hour of free legal advice from a qualified employment lawyer prior to initiating redundancies. Utilizing qualified advice ensures, should a claim arise, the standard deductible applies rather than the higher \$20,000 deductible triggered when advice is skipped.
Commercial Legal Expenses Coverage Section	A Napier retail business enters into a contract with a supplier for commercial equipment. The supplier fails to deliver the equipment as agreed, causing operational delays. The business seeks to pursue a contract dispute under the Contract and Commercial Law Act 2017 to recover \$45,000.	• Primary Cover: The Commercial Contract Disputes section covers legal expenses incurred in pursuing the dispute against the contracting party. • Conditions & Helpline: Insuring Clause 1.1 provides access to the free legal advice helpline. Coverage requires prior written consent from Agile, a minimum sum in dispute, and reasonable prospects of recovering damages.

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