

Claims Examples

SME & Commercial

Management Liability

AIG Australia's experienced, locally-based claims professionals have in-depth knowledge and expertise in claims handling for a wide range of company exposures.

The following three scenarios are intended to illustrate how various policy sections of PrivateEdge have helped an insured when the unexpected occurs.

Employment Practices Liability - Unlawful dismissal

Policy Feature

PrivateEdge Employment Practices Liability (Section 3) provides protection for relevant claims brought by both past and present employees.

Why it's important

Based on AIG claims volume, unlawful dismissal or wrongful termination is one of the most common claims under the Employment Practices Liability (EPL) section of Management Liability. With changes to legislation such as the Sex Discrimination Act 1984 arising out of the Respect@Work report and changes to the Fair Work Act 2009 such as 'right to disconnect', we anticipate that these types of claims will continue to increase.

Claims Scenario | A past employee sues for wrongful termination

Industry

Administration & Support

Overview

The insured company provided training services to workers in the mining and construction industries. In a few short years, it had grown from a small team to a company with over 70 employees. Eventually the company reached a point that they felt it necessary to hire another specialist manager.

The relationship between the founders and the new manager quickly soured, due to what the parties involved agreed was due to a clash of cultures. The insured company terminated the manager - who then brought an adverse action claim under the Fair Work Act against the insured company, alleging unlawful dismissal, and against the founding directors alleging discrimination.

The claim was settled with a six-figure payment made to the manager. In addition, the legal costs exceeded \$50,000.

Quick Fact

EPL claims are not proceedings typically covered under a Professional Indemnity policy - where the main focus of such a policy is to cover events that arise during the provision of service to a customer or client.

An EPL claim does not relate to a service provided to a customer but is rather a function of the management of the insured's own business.

Why AIG?

PrivateEdge provided cover for the directors' and the insured company's **defence costs**, plus the **agreed settlement amount**.

This claim type can feel personal and therefore working with **experienced examiners** who understand the challenges these types of claims present, can make a meaningful difference to the claims experience.



Management Liability - Specialist legal advice & defence

Policy Feature

Management Liability (Section 1) provides cover for costs associated with defending directors, managers and employees. Insureds have access to specialist legal advice and defence (if required) from a panel of leading law firms.

Why it's important

Not all businesses have an in-house legal team or an external firm on retainer. Further, legal fees can escalate quickly so it's advantageous to find an insurance policy that provides access to leading firms who are well-versed in defending these claims and can support SME policyholders.

Claims Scenario | The Insured was called to a Coronial Inquiry

Industry

Arts & Recreation

Overview

The insured was an organiser of large outdoor events. There was a coronial inquest into outdoor festivals and events and one of the directors was summoned to attend the inquiry. Whilst the purpose of the inquest was not to determine civil or criminal liability, the insured was able to access one of AIG's leading panel lawyers to provide legal advice and appear at the inquest whilst the director gave evidence.

The inquest set out to uncover detailed circumstances surrounding the various incidents and to try and determine any preventative health and safety measures for the future.

In this particular scenario the legal costs exceeded \$10,000 which was covered by the policy.

Quick Fact

Not all products cover the legal costs incurred in response to an insured event.

There are many types of legal costs a business could face, with two examples being defence and inquiry costs.

Make sure your client's policy has cover for legal costs relevant to their business operation.

Why AIG?

The **Investigations extension** within the PrivateEdge policy provided cover for the costs of legal counsel and the appearance at the inquiry.

AIG's claims team supported the insured in selecting from a panel of national and international firms best suited for the inquest. AIG's **panel lawyers are readily available** to provide advice and services to insureds and **operate within highly competitive rates**.



Crime Protection - Third-party fraudulent activity

Policy Feature

Crime Protection (Section 4) helps protect the balance sheet from the activities carried out by dishonest employees and specific fraudulent third-party events.

Why it's important

Companies of all sizes are becoming more vulnerable to electronic and computer crime as employees increasingly utilise their personal devices to access company systems, or their corporate devices to complete personal tasks.

Claims Scenario: | Theft after mobile phone was compromised

Industry

Administration & Support – Training

Overview

The insured is a growing small business providing outsourced administration and training services. At the time of the incident, the business had 20 employees.

An employee's phone was compromised, which allowed an unknown third party to access the insured's computer systems. Once the third party had access, they were able to divert funds into their own offshore bank accounts. The insured's accountant identified this event after nearly \$70,000 was electronically intercepted during a funds transfer to a legitimate third-party creditor.

The claim was settled and AIG provided a payment of \$70,000 back to the business.

Quick Fact

Crime protection is designed to cover for first party losses arising from a variety of instances of fraud. This type of cover would not necessarily be available under a Professional Indemnity or Business Package policy as those are primarily intended to deal with damages or physical theft, respectively.

Why AIG?

Through **careful support** of the claims examiner, the insured was able to satisfy all necessary document requirements.

The PrivateEdge **Investigative Specialist Fees extension** would have also been available to cover any fees, costs and expenses incurred by the policyholder in retaining a **pre-approved fraud investigator** if necessary.

Our Claims Expertise

When buying insurance from AIG Australia, you can have confidence that we stand ready to help you recover quickly when the unexpected happens.



Industry wide recognition

Our expert team is recognised for their technical ability and a number of our examiners are legally qualified.



Locally-based team

Our on-shore claims examiners understand the importance of accessibility with clients and are available along Australia's east coast and Perth.



Proven partner

We take a proactive and solution-based approach to claims, helping to educate and support clients through the complexities of management liability.

This brochure is a general overview only. Claims experience scenarios are theoretical and for illustration only. Whether any AIG policy will provide cover for future claims depends upon the facts and circumstances you face; and the terms, conditions, limits, exclusions and endorsements of your policy. Information is as at September 2024 and is subject to change.



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