

## APPENDIX 2: MANAGEMENT LIABILITY INSURANCE

Risks are inherent in all areas of running a club or association. Directors and officers understand that they may on occasion find themselves the subject of a legal claim.

Management Liability insurance protects the association, the individual directors and its officers who undertake these vital roles within the organisation, insuring them against claims that may arise from within or external to the association.

Management Liability Insurance, including Directors and Officers cover, can be accessed by Motorsport Australia members as an additional insurance policy via Gallagher Sport.

### What is Management Liability Insurance?

Management Liability insurance protects insured associations and their directors and officers against claims arising from the management of the organisation.

Management Liability insurance bundles a variety of different insurance covers which could otherwise be bought separately. It's only available for certain entities, such as private companies and not-for-profit organisations.

Management Liability Insurance provides additional cover to your association including, but not limited to, the following areas:

Insurance area	Description
Directors' & Officers' (D&O) Liability Insurance	This protects an association and/or its directors and officers (such as senior managers) from claims arising out of any decisions and actions of those directors and officers while carrying out their duties
Employment Practices Liability Insurance (EPL)	This protects businesses against claims for unfair dismissal, sexual harassment, discrimination (age, racial, sexual, religious) and other employment-related incidents
Statutory Liability Insurance	This protects businesses against claims for breaches of legal provisions which attract fines and/or penalties, such as breaches of work health and safety laws, privacy laws and therapeutic goods legislation
Fidelity Insurance	This protects businesses against fraud and dishonesty by employees
Tax Audit cover	This protects businesses against the cost of responding to unexpected tax audits, most commonly a tax audit by the Australian Taxation Office

GENERAL ADVICE WARNING: The information provided by Gallagher is considered general advice only and does not take into account your personal or financial situation. This information must be read in conjunction with the Policy documentation

Please note the following information is an excerpt from the Motorsport Australia Insurance Program handbook - available via sport.ajg.com.au

### What is the Motorsport Australia Management Liability Optional Insurance?

Gallagher Sport, supported by Motorsport Australia, has established an optional insurance program that provides access to Management Liability insurance for Motorsport Australia affiliated clubs. Clubs must purchase this cover directly with Gallagher Sport.

This tailored Management Liability package includes the following covers:

- Directors and Officers (D&O) cover
- Association Reimbursement cover
- Entity cover for the organisation
- Employment Practices liability cover
- Fidelity cover up to \$100,000
- Tax investigation cover up to \$100,000
- Fines and Penalties cover up to \$100,000 for specific types of penalties
- Cover for the association and non profit organisations volunteers'
- Automatic Reinstatement of policy limit in the event of a claim
- Automatic continuous cover

*The limit of indemnity under the policy is \$5,000,000 any one claim. The combined maximum aggregate limit for all insureds/coverages is \$10,000,000. A costs inclusive excess of up to \$5,000 applies.*

### How to obtain this additional cover

This optional Management Liability insurance must be purchased directly through Gallagher Sport.

Due to the number of Motorsport Australia affiliated clubs and therefore the potential for pooling premiums, the cost of this policy has been substantially reduced as compared to the cost involved with each club arranging its own cover.

Premiums will be calculated on the basis of individual club Membership as follows:

Club Membership	Annualised Premium (Including GST, Stamp Duty and fees)
1-40 Members	\$400*
41-100 Members	\$445*
101-200 Members	\$500*
201+ Members	\$560*

**Please note:** The premium calculations above are based on 12 months cover. This policy has a common expiry date and therefore a pro-rata calculation is applied for any policy purchased within the 12 month policy period.

**\*Please note the following charges apply (included above):**

- GST 10%
- Stamp Duty: Varies state by state, typically 9-11%
- Broker Fee: \$110 (Incl. GST)

To apply for the Motorsport Australia Optional Management Liability Insurance please complete the simple proposal form on the following pages.

You will need to confirm your membership and annual turnover to calculate an annual premium. You may be required to provide a copy of the last 2 years financial reports (such as Annual Reports).

If you require any assistance with your application please do not hesitate to contact Gallagher Sport.

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### Management Liability application form

To apply for Management Liability Insurance please complete the following application form. If you require additional information regarding scope of cover and premium options, please refer to [sport.ajg.com.au/motorsportaustralia](http://sport.ajg.com.au/motorsportaustralia)

#### 1. Club/Association Details

Full legal name of the Club/Association as well as any unincorporated business or trading names, and full address details:

\_\_\_\_\_

Club/association name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

ABN: \_\_\_\_\_

#### 2. Insurance Period

From (DD/MM/YYYY): \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ To (DD/MM/YYYY): \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

#### 3. Stamp Duty

Are you stamp duty exempt?

Yes       No

If **YES** please provide stamp duty exemption certificate and Qualifying Use statement

If **NO** please provide the percentage split of your income per state BELOW

NSW:	%	VIC:	%	QLD:	%	SA:	%	NT:	%
WA:	%	ACT:	%	TAS:	%	O/SEAS:	%	Total:	%

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4. Entity Details

Is the Club/Association an incorporated entity?

Yes       No

If **YES** under what legislation is it incorporated?

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Is the Club/Association a subsidiary of another entity?

Yes       No

If **YES** please state name of the ultimate holding company

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At any time in the past, has any claim been made against the Club/Association or any Office Bearers, Executive Staff, Sub-committee members, employees of the Club/Association?

Yes       No

If **YES** please provide details

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Are there any circumstances not already notified to insurers which may give rise to a claim against the Corporation, or any Office Bearer, Executive Staff, Sub-committee members, employees of the Club/Association?

Yes       No

If **YES** please provide details

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Has any director or executive officer of the Club/Association been declared bankrupt or entered into a deed of assignment, composition or a scheme of arrangement with creditors?

Yes       No

If **YES** please provide details

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Has any director or executive officer of the Club/Association been a director of an organisation placed in administration, a scheme or arrangement, receivership, liquidation or provisional liquidation?

Yes       No

If **YES** please provide details

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## 5. Nature of business

State fully the nature of any professional services offered by or on behalf of the Club/Association (please provide copies of any brochures or other documentation which may assist the insurers/underwriters in gaining a better appreciation of the risk being proposed).

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## 6. Annual Turnover

What is the annual turnover of the organisation?

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Please provide the last two years' financial reports (Profit and Loss and Balance Sheet) of your organisation. An Annual Report will usually contain these details.

## 7. Club/Association Membership

What is your total registered Club/Association membership?

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## 8. Existing Insurance

Do you have an existing Management Liability/Directors & Officers/Association Liability Policy in place?

Yes       No

If Yes, please provide the following details:

Name of Insurer:	
Limit of Indemnity:	
Expiry Date:	
Retroactive Date:	

## 9. Declaration

I/We hereby declare that:

- My/Our attention has been drawn to the Important Notice accompanying this Proposal form and further I/ we have read the Important Notices carefully and acknowledge my/our understanding of their content by my/our signature/s below.
- The above statements are true, and I/we have not suppressed or mis-stated any facts and should any information given by me/us alter between the date of this Proposal form and the inception date of the insurance to which this Proposal relates I/we shall give immediately notice thereof.
- I/We authorise the insurer/underwriter to collect or disclose any personal information relating to this insurance to/from any other insurers or insurance reference service. Where I/we have provided information about another individual (for example, an employee, or client), I/We declare that the individual has been or will be made aware of that fact and the section in the Policy on 'The way we handle your personal information'.
- I/We also confirm that the undersigned is/are authorised to act for and on behalf of all persons who may be entitled to indemnity under any policy which may be issued pursuant to this Proposal form and I/we complete this Proposal form on their behalf.
- I/We understand that the cover provided by the proposed policy is a group policy with shared limits of indemnity across all Motorsport Australia Affiliated Clubs that elect to insure under the policy.

To be signed by Chairman/President/Managing Director/Principal of the organisation nominated on this form.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Position/Title within Organisation \_\_\_\_\_

Date:                    /                    / \_\_\_\_\_

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## Management Liability important notice

Please read and retain in your file.

The proposed insurance is issued on a 'claims made' basis. This means that the policy responds to:-

1. claims first made against the insured during the policy period and notified to the insurer/underwriter during that policy period, providing that the insured was not aware, at any time prior to the policy inception, of circumstances which would have alerted a reasonable person in the insured's position that a claim may be made against the insured; and
2. 'claims circumstances' notified pursuant to Section 40 (3) of the Insurance Contracts Act which states: 'where the insured gave notice in writing to the insurer of facts that might give rise to a claim against the insured as soon as was reasonably practicable after the insured became aware of those facts but before the insurance cover provided by the contract expired, the insurer is not relieved of liability under the contract in respect of the claim, when made, by reason only that it was made after the expiration of the period of insurance cover provided by the contract'.

After policy expiry, no new claims can be made on the expired policy even though the event giving rise to the claim may have occurred during the policy period.

If during the policy period you become aware of circumstances which a reasonable person in your position would consider may give rise to a claim, and which you fail to notify to us during the policy period, we may not cover you under a subsequent policy for any claim which arises from these circumstances.

When completing the proposal you are obliged to report and provide full details of all circumstances of which you are aware and which a reasonable person in your position would consider may give rise to a claim.

It is important that you make proper disclosure (see Duty of Disclosure, below) so that your cover under any new policy with us is not compromised.

Pursuant to the Insurance Contracts Act your duty to disclose all relevant information is set out below.

### Duty of Disclosure

Before entering into a contract of general insurance, you have a duty, under the Insurance Contracts Act, to disclose to us every matter that you are aware of, or could reasonably be expected to be aware of, that is relevant to our decision about insuring you and if so, on what terms. You have the same duty to disclose these matters to us before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of matter –

- that diminishes the risk to be undertaken by us;
- that is of common knowledge;
- that we know or, in the ordinary course of our business, ought to know;
- as to which compliance with your duty is waived by us.

You should note that your duty continues after the proposal form has been completed until the policy is entered into, i.e. until the date we receive instructions to bind cover.

### Non-disclosure

If you fail to comply with your duty of disclosure, we may be entitled to reduce our liability under the policy in respect of a claim or may cancel the policy. If your non-disclosure is fraudulent, we may also have the option of avoiding the contract from its beginning. It is therefore vital that you enquire of all entities comprising the insured, including senior staff, before completing the proposal form and before you sign any declaration confirming no change in the information disclosed.

### Retroactive Liability

The proposed insurance may be limited by a retroactive date either stated in the schedule or endorsed onto the policy. Where the retroactive cover provided by the proposed policy is subject to such a date, then the policy does not cover any claim arising from actual or alleged act, error, omission or conduct occurring prior to such retroactive date.

### Average Provision

One of the insuring provisions of the proposed insurance may provide that where the amount required to dispose of a claim exceeds the limit of the sum insured in the policy then the insurer/underwriter shall be liable only for a proportion of the total costs and expenses. This shall be the same proportion of the total expenses as the policy limit bears to the total amount required to dispose of the claim.

### Surrender of Waiver of any Right of Contribution or Indemnity

If another person or company is liable to compensate you or hold you harmless for part or all of any loss or damage otherwise covered by our policy, but you agree with that person or company (either before or after the inception of our policy) that you would not seek to recover any loss or damage from them, we will not cover you for this loss or damage.

### Intermediary Acting as an Agent of Insurer

In effecting this insurance the intermediary will be acting under an authority given to it by the insurer and the intermediary will be effecting the contract as agent of the insurer and not the insured.

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