

# Management Liability Claims Examples

Farm and Produce Growers



## Directors and Officers

### Farm Growers

- ⌚ 9 staff
- ⌚ \$14M turnover

### Background

A large vegetable growing business sued the owners of a small family vegetable growing company for \$445,000 after its retail manager left to join the insured business. The competing company alleged theft of trade secrets and claimed that the retail manager was still in their employment when they began sharing proprietary information with the Insured.

### Outcome

It was deemed the Policy was triggered and the claim proceeded to hearing and was settled at mediation.

**Payment:** \$340,000 plus \$88,000 in defence costs.

## Crime

### Farmer

- ⌚ 5 staff
- ⌚ \$3.1M turnover

### Background

2 employees were stealing money from their employer by accepting cash payments for work completed. Over the space of 12 months, it was determined that the Insured lost approximately \$120,000 in revenue.

### Outcome

The Insured made a fidelity claim on their policy and it was determined that the Policy was triggered and indemnity was extended to the Insured. The Insured was able to claim the amount of \$120,000 on their policy. The Insurer then issued separate recovery proceedings against the fraudsters to recoup the amount of the loss along with the Insured's deductible.

**Payment:** \$120,000 plus defence costs.

## Farmer

- ⌚ 11 staff
- ⌚ \$7M turnover

## Background

A claim was made for the loss of \$220,000 worth of farming stock from the Insured. A group of 14 employees and their friends stealing stock totaling over \$250,000. The stock was then sold to unsuspecting purchasers who were not aware that the goods were stolen. The employees were charged and prosecuted by the police and were only able to repay the amount of \$30,000.

## Outcome

It was determined that the Policy was triggered and indemnity was extended to the Insured. The Insured was able to claim the amount of \$220,000 on their policy. The insurer then issued separate recovery proceedings against the fraudsters to recoup the amount of the loss along with the Insured's deductible.

**Payment:** \$220,000 plus defence costs.

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# Occupational Health and Safety

## Farmer

- ⌚ 16 staff
- ⌚ \$14M turnover

## Background

An employee was seriously injured when a pile of parcels weighing approximately 50kg tipped and fell on her. The employee was hospitalised and suffered serious spinal injury. The employee was in traction for 3 months. A full Occupational Health and Safety investigation began which eventually led to the Company being prosecuted.

## Outcome

During the investigation, it was deemed that the Company had failed in its duty to provide a safe workplace for its employees. Following a hearing, the Company was fined.

**Payment:** \$25,000 fine plus \$10,000 in defence costs.

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## Produce Grower

- ⌚ 14 staff
- ⌚ \$9M turnover

## Background

A casual forklift driver severely injured his back when he attempted to shift a large bag of soil. He was hospitalised and remained in traction for 3 months. The insured company was subject to a full Occupational Health and Safety investigation and prosecution.

## Outcome

The company vigorously denied and successfully defended all allegations. Despite their attempt, at defending the claim, the company was fined.

**Payment:** \$10,000 fine and \$15,000 in defence costs.

## Statutory Liability

### Farmer

- ⊗ 7 staff
- ⊗ \$4.5M turnover

### Background

An insured farming operation was fined \$40,000 for causing pollutants to escape from a building site.

### Outcome

The policy was triggered and indemnity was extended to the Insured. The Insured was made to pay the fine of \$25,000 and it was deemed to fall within the cover provided under the Statutory Liability section of the Policy.

**Payment:** \$25,000 less its deductible.

## Employment Practice Liability

### Farmer

- ⊗ 27 staff
- ⊗ \$9.1M turnover

### Background

A claim was made by female staffer from a small farming operation against the owner operators for bullying and harassment. She claimed the amount of \$50,000 in compensation.

### Outcome

It was deemed that the insuring clause was triggered. After protraction litigation, the matter settled for payment by the insured for the amount of \$17,500. In addition to this, the company incurred over \$15,000 in defence costs.

**Payment:** \$17,500 and \$15,000 in defence costs.

### Produce Grower

- ⊗ 19 staff
- ⊗ \$5.5M turnover

### Background

A claim was made by four former employees against the owners of a fruit growing business for bullying, harassment, abuse and sexual harassment. Claims were made against the entity alleging that it failed to respond to those allegations. Employees claim combined compensation of \$200,000.

### Outcome

It was deemed that the insuring clause triggered. After protracted litigation, the matter settled for payment by the company of \$20,000 per claimant.

**Payment:** \$80,000 and \$150,000 in defence costs.