

A GUIDE TO ASSOCIATION LIABILITY INSURANCE

This provides a brief summary of the cover provided. The actual policy wordings should be reviewed for specific details of coverage.

Association Liability insurance is designed for Incorporated Societies, Not for Profit organisations, Trusts and the like. It provides cover to an Association for claims arising from negligence in the conduct and execution of the Association's business, as well as protection to Officers for claims caused by a wrongful act.

Simply because an organisation has set a worthy course does not make that organisation or its officers immune to the threat of legal action.

- A disaffected employee takes a personal grievance claim
- The organisation is accused of defamation
- A client or member sues for non performance
- Indemnity provisions in a funding contract are enforced
- A previously good relationship suddenly becomes acrimonious
- There is a breach of duty by a board member or trustee
- An employee or officer commits theft of money
- Professional services provided are claimed to be inadequate

If any of these unforeseen events occur, traditional insurance will not protect you. Without warning, trustees, executive members and employees, as well as your organisation, can find themselves facing the threat or reality of legal action.

It doesn't matter what size your organisation is, Association Liability insurance is designed to provide protection for all these exposures in one simple integrated package. The policy covers your organisation as well as those responsible for its governance including both volunteers and employees.

Association liability insurance protects trustees, officers, employees and volunteers and the organisation itself. If you personally and your organisation are the subject of legal action covered by the policy it will respond to your benefit and that of the organisation. If an individual officer or employee is the subject of legal action and your organisation is already bankrupted, the policy can still cover the individual.

Additional insurance covers that should be purchased to supplement an Association Liability policy are:

1. **Employment disputes** or personal grievances arising from breaches of an Employment Agreement, the Privacy Act 1993, and the Human Rights Act 1993.

2. **Fidelity Risk** - Loss of money through any dishonest fraudulent, malicious or illegal act or omission of an Officer or Employee.

3. **Statutory Liability** – covers the legal costs and penalties imposed following a breach or alleged breach of Acts of Parliament.

4. **Employers Liability** – covers the legal costs of defending claims brought by Employees alleging negligence, or Breach of Duty by an Employer causing injury or illness to an employee where the Accident Compensation Commission cover is not available to the Employee.

5. **Public Liability** - provides organisations with protection against claims for compensation in respect of unexpected and unintended personal injury or property damage for which they may be legally liable arising out of their business activities.

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