

# Association Liability

Did you know that there are over 57,000 registered charities and not-for-profits in Australia who are registered with the Australian Charities and not-for-profits Commission (ACNC).<sup>1</sup> Yet, according to statistics released by APRA, very few of these companies seem to buy Association Liability insurance.<sup>2</sup> The management exposures of running a incorporated association, not-for-profit or charity are comparable to those of a private company, yet Association Liability insurance is not widely purchased. But there is no reason why these uninsured exposures should remain that way.

Association Liability insurance covers certain risks arising from the actions and decisions of directors, officers and managers, which arise from the running of an association, charity or not-for-profit organisation. These actions and decisions could include improper conduct such as sexual harassment claims or legal claims such as unfair dismissal or defamation. There are few industries which could afford to ignore the legal and regulatory risks of their operations and the not-for-profit sector is not immune. Fines from various government or industry regulatory bodies can reach hundreds of thousands, or even millions of dollars for very serious breaches. In addition, the cost of defending litigation can cripple otherwise healthy and solvent organisation.

ProRisk's Association Liability Policy is specifically designed to cover the management exposures of a small to medium sized association, not-for-profit or charity. When you think about the risks of doing business in Australia or New Zealand, Association Liability Insurance really should be a must buy.

## Suitability

Association Liability is suitable for organisations with:



Up to  
**\$25m turnover**



Up to  
**500 employees**



Who are domiciled in  
**Aus or NZ**

## Risks of doing business in Australia or New Zealand are highlighted by:



**28,000**  
workplace disputes  
per annum<sup>3</sup>



Total value of all fraud cases<sup>4</sup>  
**\$482,059,228**  
Average value  
**\$3,110,060**

## Coverage Includes:

- Insured person liability
- Association reimbursement liability
- Entity liability
- Employment practices liability
- Civil liability
- Comprehensive crime cover
- Tax audit cover
- Statutory liability
- Investigation costs cover with no wrongful act trigger

Limits from \$500,000 to \$10m available

Premiums starting from as little as \$300 plus taxes and charges

## Key benefits of cover:

- Cover for State Revenue office audits
- Cover for internal and external crime, not just crime by employees
- Comprehensive Statutory Liability cover, not just OH&S like some other policies
- Access to the ProRisk Whistleblower Hotline Service
- Up to 4 contract reviews during the insurance period
- Up to 1 hour free legal advice
- Choice of limit
- Choice of excess

## Available for:

- Charities
- Not-for-profits
- Associations
- Non-professional sporting clubs and associations
- Industry groups
- Surf life saving clubs
- Social and community groups and clubs

1. <https://data.gov.au/data/dataset/acnc-register>
2. <https://www.apra.gov.au/statistics>
3. <https://www.fairwork.gov.au/about-us/news-and-media-releases/2018-media-releases/october-2018/20181018-annual-report-2017-18-media-release>
4. Source: KPMG



## Claims Service from the Experts

Our dedicated In-House Claims Team includes qualified lawyers with over 30 years of industry experience. Our claims officers are dedicated to managing your claim from initial notification right through to resolution. We have negotiated a specialist panel of lawyers, accountants and forensic investigators based on our significant group purchasing power and are able to access some of Australia's best service providers to ensure that our policyholders get service second to none.



### CASE STUDY 02: Crime loss

**Policyholder:** A Soccer Club with no staff, but 34 volunteers and turnover of \$68,000.

**The Claim:** The policyholder was a local sports club. They would run teams in local non-professional sporting competitions. The teams were a mixture of children and adult teams, however most of the club's members were children. The Club had a lot of involvement from the parents, who would volunteer from time to time at events, such as trivia nights, award nights and sausage sizzles. The Club raised money through a variety of means including events, raffles, donations and membership fees. Like most small sporting clubs, they did not have enough revenue to pay a full time staff member to handle their finances and relied on volunteers within the membership ranks. One of the volunteers was handling the finances and had a gambling problem. Over a number of years, they managed to take over \$50,000 from the Club.

**The Outcome:** The policyholder made a claim on their Association Liability policy with ProRisk. ProRisk appointed a forensic investigator to ascertain the extent of the loss. It was determined that the insured had sustained losses of over \$50,000 going back over a 3 year period. ProRisk were able to reimburse the policyholder for their losses less their excess.



### CASE STUDY 01: Employment Practices

**Policyholder:** A Surf Life Saving Club, employing 4 staff with turnover of \$800,000.

**The Claim:** An employee was upset when a colleague continually made advances towards her including making sexually explicit comments in front of other staff. She had asked him to refrain from such behaviour however he continued. The employee complained to her manager on various occasions but nothing was done. The employee quit her job and brought a claim against the former colleague for harassment and the Association for their failure to address the issue.

**The Outcome:** The policyholder made a claim on their Association Liability policy with ProRisk. ProRisk appointed a specialist employment lawyer to defend the claim. The matter was settled for \$15,000 and costs of \$12,000 were incurred, all of which were covered under the policy, less the excess.