

PARTNERSHIP PROTECTION

Why buy the LAUW PARTNERSHIP PROTECTION Management Liability Policy?

Today, many partnership firms, whilst not incorporated within the meaning of the Corporations Law, have adopted a “corporation style” management structure.

Adopting such a management structure may expose the firm, individual partners and any other “non-partner” individuals charged with the responsibility of running the firm to claims arising from the management of the firm.

This exposure is in distinct contrast to claims arising from a breach of professional duty whilst providing professional services to the firm’s clients.

Employment disputes such as unfair and wrongful dismissal, sexual harassment, workplace harassment and discrimination are becoming more common. Partners may be personally exposed to liability arising from employment disputes along with the firm.

Does the firm purchase standard Directors and Officers Liability Insurance and/or Employment Practices Liability (EPL) Insurance?

There are significant weaknesses in generally available insurance:

- Directors and Officers Liability Insurance can be purchased only for incorporated service and administration companies.
- An indemnity provided by the firm to any partnership board member is not insured.
- EPL Insurance does not generally extend to provide cover to partners.

Recognising these weaknesses, **PARTNERSHIP PROTECTION** was developed to provide meaningful cover for a partnership including those that have adopted a “corporation style” management structure.

Key aspects of **PARTNERSHIP PROTECTION** are:

1. Aggregate policy limit of liability of up to AUD \$5,000,000 available.
2. Aggregate sub-limit of liability of up to AUD \$2,500,000 available for Entity / EPL cover for the firm.
3. Aggregate sub-limit of liability of up to AUD \$5,000,000 available for Fines & Penalties.
4. Aggregate sub-limit of liability of up to AUD \$1,000,000 available for Statutory Liability.
5. Aggregate sub-limit of liability of up to AUD \$500,000 available for Pollution Defence Costs.
6. Aggregate limit of liability of up to AUD \$200,000 available for Public Relations Costs (payable in the aggregate policy limit).
7. Cover is provided for partners acting in the capacity of director or executive officer of the firm or any service or administration company or trust related to the firm.
8. Cover is provided for the partners in relation to Employment Practices Liability.
9. The firm retains the right and duty to defend and contest any claim.
10. Cover is provided for the costs of legal representation at an official investigation or inquiry.
11. A major shareholder exclusion only applies to claims arising from any Outside Directorships.
12. No insured versus insured exclusion or consensual claim exclusion applicable.
13. Cover is provided for Trustees’ Liability in relation to the firm’s sponsored employee benefit funds.
14. Cover is provided for legal costs incurred by an insured individual in defending claims brought by or on behalf of the firm.
15. The definition of the firm includes any service or administration company or trust related to the firm.
16. The definition of an insured individual includes:
 - a member of the board of the firm (not being a partner or employee) or the equivalent in any other jurisdiction.

- a member of any committee (whether or not they are a partner or employee) of the firm.
 - a general counsel of the firm.
 - an employee of the firm who carries out a managerial or supervisory function for the firm.
17. Cover can be provided (subject to Underwriters consent) for Outside Directorships held with the specific approval of the firm.
18. A dishonesty exclusion only applies if the dishonest act, omission or profit is established by admission or by a court, tribunal or any other final, non-appealable adjudication.
19. Defence costs will be advanced regardless of whether or not indemnity has been confirmed.

Important

This document is a **guide only**. For full particulars, reference must be made to the **current** policy wording.

This document does not constitute a legal opinion and we recommend further legal consideration of the issues raised herein.

Policy Period

LAUW can quote policy periods of up to 18 months should the client wish to align the policy period with a common renewal date.

Obtaining Cover

In order to obtain a quotation, the firm will be required to:

- a. Complete an LAUW PARTNERSHIP PROTECTION proposal form; and
- b. Provide a copy of its last 2 consolidated financial year end accounts; and
- c. Provide a copy of any interim financials, if available.

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