



# Management liability – what should I be worried about?

As a company director or officer you probably spend enough nights losing sleep, worrying about the decisions that you've made. Management liability shouldn't be one of the things that keeps you up at night. But we know 'being forewarned is being forearmed'.

Here are some typical examples of claims you and your business could face to help you understand the situations that Melville Burbage Insurance Services Ltd. and Aviva can help protect you from.

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Please note the scenarios are fictitious examples based on our claims experiences, and the resolutions stated are not definitive but one feasible response to the issue described. The scenarios used represent general information and guidance only and should not be construed as giving advice or recommendation. You should obtain specific advice relevant to your circumstances.



## Regulatory

### Directors and officers claim

#### Food Standards Agency

A customer goes to a takeaway and specifically asks for a dish without nuts. Because the takeaway place hadn't tracked or controlled the ingredients, they didn't realise that the standard ingredients had been switched for cheaper ones containing peanuts. The customer eats the dish and dies of anaphylactic shock. The owner of the takeaway business is prosecuted by the Food Standards Agency and charged with gross negligence manslaughter.



## Health and Safety

### Corporate legal liability claim

#### Corporate manslaughter

An employee was electrocuted after he came into contact with an overhead power cable. The company is prosecuted by the Health and Safety Executive (HSE).

The company can show that it gave the relevant training so it's cleared of corporate manslaughter. But the company is found guilty of lesser charges and faces a fine as well as its own legal costs.



## Employee related

### Employment practices liability claim

#### Redundancy

A struggling company makes some redundancies in an attempt to cut costs. One of the women made redundant takes the company to an employment tribunal. She claims that this is another example of the company discriminating against her because she's a woman.

The company has to defend itself and eventually settles with the employee.



## Financial

### Directors and officers claim

#### Trading while insolvent

A company goes into insolvency. The suppliers sue the directors of the company for wrongful trading – continuing to trade knowing the company is insolvent and can't meet its obligations. By doing so, the directors make the debt they owe to creditors worse.

The directors are ordered to contribute to the company's assets to make good the debt. They also have to pay their own defence costs.

### It takes you, It takes us, It takes Aviva.

Melville Burbage Insurance Services Ltd. and Aviva are working together to help protect you against claims like these. So why not find out how management liability cover could help you sleep a little better at night. Contact us on 0163543880 or [info@melvilleburbage.co.uk](mailto:info@melvilleburbage.co.uk)

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Registered Office: Elizabeth House, 13-19 London Road, Newbury, Berkshire, RG14 1JL  
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