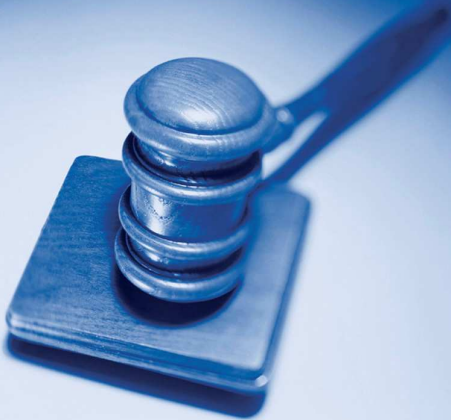


# The LIU Statutory Liability Extension



The Public Liability/Professional Indemnity policies you arrange for your clients provide valuable protection for their businesses – but do they go far enough?

Most CGL policies exclude cover for fines and penalties. Yet fines and penalties constitute one of the greatest financial risks many businesses face. Governments are increasingly willing to levy large civil fines for non-compliance in many areas of regulation - from Environmental Law to Occupational Health & Safety and Employment Practices Law.

Most business owners or managers would have no idea that there are over 5000 legislative provisions in this country that cater for civil penalties. Nor would they know that fines for Occupational Health and Safety breaches can be as high as \$550,000.

Fines for breaches of environmental law can be even more punitive – some reaching as high as \$5.5 million.

Fines of that size could easily drive many businesses to the wall. Fortunately for your clients, this is a risk that can be managed.

## Features & Benefits of LIU's Statutory Liability Extension

A simple, cost-effective extension to your clients' CGL policy can protect them from these risks. The additional cover needs no extra underwriting and no new policy documents and is therefore cost effective.<sup>1</sup>

Of course the fine itself is not the only risk your clients face. The costs and distraction of a legal defence are notoriously high.

That's why LIU's Statutory Liability extension does more than protect your clients from financial loss that could cripple or close their business. It also provides for expert legal assistance in defending civil fine actions.

LIU's Statutory Liability extension is highly cost effective cover that provides protection and peace of mind for your clients.

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<sup>1</sup> Note that any breach (of legislation) must not constitute intentional, deliberate, dishonest, fraudulent or malicious acts, including acts of gross negligence or recklessness.

The following real-life case studies highlight some of the potential costs of statutory fines.

Breach	Date	Summary
Workplace Health & Safety Act 1995.	November 2005, Southport Industrial Magistrates Court	A contractor engaged by a construction company suffered fatal crush injuries when two large concrete pre-stressed beams fell onto the backhoe he was operating. The incident occurred following a failure of the company to conduct an adequate risk assessment or have control measures in place that could have prevented the incident.
<i>The contracting company and their director were fined \$70,000</i>		

A single cost-effective Statutory Liability extension on the construction company's CGL policies could have helped them meet the costs of this fine.

Breach	Date	Summary
Environmental Protection Act 1994.	March 2007	A timber treatment company was fined for breaching an environmental management program. The company failed to install a treatment plant and conduct a contaminated land assessment.
<i>The timber treatment company was fined \$240,000, and their director was fined \$8,000</i>		

By taking out a Statutory Liability extension on their CGL policy, the timber treatment company – and their director - could have saved a large sum of money and helped themselves manage the time and costs involved in legal action.

Breach	Date	Summary
Workplace Health & Safety Act 1995.	April 2005, Innisfail Industrial Magistrates Court	A worker employed by a farming company was injured while using a hook knife to inject insecticide into the top of a banana tree. The employer had failed to ensure that the method of transferring the knife by vehicle was safe and free from risk.
<i>The farming company was fined \$33,000</i>		

By taking out a Statutory Liability extension on their CGL policy the farming company could have recovered much – if not all - the costs of this fine.

### Comprehensive cover

The range and size of the statutory fines that could be levied against your clients means a Statutory Liability extension is not an added benefit but a necessity. Talk to Thomas Holloway Insurance Brokers today to find out more.